

**CITY OF MONROE SCHOOL BOARD
MONROE, LOUISIANA**

**Financial Report
As of and for the Year Ended June 30, 2014**

CITY OF MONROE SCHOOL BOARD
Monroe, LA

Financial Report
For The Year Ended June 30, 2014

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INDEPENDENT AUDITORS' REPORT

City of Monroe School Board Monroe, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of **City of Monroe School Board** (the School Board) as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the School Board's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the discretely presented component unit, Excellence Academy. Those financial statements were audited by other auditors whose report has been furnished to us, and our opinion on the financial statements, insofar as it relates to the amounts included in the component unit column, is based on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audit and the report of the other auditor, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, the discretely presented component unit, and the aggregate remaining fund information of the School Board as of June 30, 2014, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplemental Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (pages 6 – 14), the budgetary comparison information (pages 61 - 64), the schedule of employer contributions-other post-employment benefits (page 65) and the schedule of funding progress-other post-employment benefits (page 65) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School Board's basic financial statements. The accompanying information listed as supplemental information in the Table of Contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

The other supplemental information and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly

to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, such information and the schedule of expenditures of federal awards described above are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 23, 2015, on our consideration of the School Board's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School Board's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Hoffman & Signier".

(A Professional Accounting Corporation)
January 23, 2015

**REQUIRED SUPPLEMENTAL INFORMATION
(PART A)**

MANAGEMENT'S DISCUSSION AND ANALYSIS

CITY OF MONROE SCHOOL BOARD
Management's Discussion and Analysis
(Unaudited)

For The Year Ended June 30, 2014

We offer readers of the City of Monroe School Board's financial statements this narrative overview and analysis of the financial activities of the City of Monroe School Board for the fiscal year ended June 30, 2014. It is designed to assist the reader in focusing on significant financial issues and identifying changes in the School Board's financial position.

Financial Highlights

The City of Monroe School Board ended the 201-2014 fiscal year with a fund balance in the General Fund of approximately \$16.0 million.

Other financial highlights for the 2013-14 fiscal year include the following:

- Statement of Net Position – The assets of the City of Monroe School Board exceeded its liabilities at the close of the most recent fiscal year by \$16.2 million (net position).
- Capital Assets – Total capital assets (net of depreciation) were \$69.9 million or 55% of the total assets. The City of Monroe School Board uses these assets to provide educational services to children and adults; consequently, these assets are not available for future spending.
- Long-Term Obligations – The School Board's total obligations increased by approximately \$21.8 million.
- Statement of Activities – The total net position of the City of Monroe School Board decreased by approximately \$4.2 million for the year ended June 30, 2014.
- Governmental Funds Balance Sheet – As of the close of the 2013-2014 fiscal year, the City of Monroe School Board's governmental funds reported combined ending fund balance of \$45.4 million, an increase of approximately \$15.4million in comparison with the prior fiscal year. This fund balance is comprised of approximately (1) \$16.0million in General Fund, (2) \$4.2 million in the debt service funds, and (3) \$25.2 million in the remaining special revenue and capital projects funds.
- Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances – Total revenues for the year ended June 30, 2014 for the governmental funds of the City of Monroe School Board amounted to \$106.5 million. Approximately 81.3% of this amount is received from three major revenue sources: (1) \$44.1 million from Minimum Foundation Program, (2) \$14.9 million from local ad valorem taxes, and (3) \$27.5 million from local sales and use taxes.

CITY OF MONROE SCHOOL BOARD
Management's Discussion and Analysis

For The Year Ended June 30, 2014

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the School Board's basic financial statements. The City of Monroe School Board's basic financial statements comprise three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements. The government-wide financial statements are designed to provide readers with a broad overview of the City of Monroe School Board's finances, in a manner similar to a private-sector business.

- The Statement of Net Position presents information on all of the School Board's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City of Monroe School Board is improving or deteriorating.
- The Statement of Activities presents information showing how the School Board's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Fund Financial Statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Monroe School Board, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. All of the funds of the City of Monroe School Board can be divided into two categories: governmental funds and fiduciary funds.

- *Governmental funds.* Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources at the end of the fiscal year. Such information may be useful in evaluating the City of Monroe School Board near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the City of Monroe School Board's near-term financing decision. Both the governmental funds balance sheet and the governmental funds statement of revenues,

CITY OF MONROE SCHOOL BOARD
Management's Discussion and Analysis

For The Year Ended June 30, 2014

expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City of Monroe School Board maintains seventeen governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures and changes in fund balances for the General Fund, Title 1, 2001 Sales Tax Special Revenue Funds and GO Bonds 2014 Capital Projects Fund, all of which are considered to be major funds. Data for the other fifteen governmental fund groups are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The City of Monroe School Board adopts an annual appropriated budget for its General Fund and all Special Revenue Funds. Budgetary comparison schedules have been provided to demonstrate compliance with these budgets.

- *Fiduciary funds.* Fiduciary funds are used to account for resources held for the benefit of parties outside the City of Monroe School Board. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the City of Monroe School Board's own programs. The School Board maintains one fiduciary fund named the School Activity Fund.

Notes to the basic financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the School Board's compliance with budgets for its major funds. The combining statements for non-major governmental funds are presented immediately following the required supplementary information.

Financial Analysis of Government-wide Activities

The largest portion of the City of Monroe School Board's total assets totaling approximately \$127 million reflects its investment in capital assets of \$20.9million (e.g. land, buildings, machinery, and equipment), less any related debt used to acquire those assets that are still outstanding. The School Board uses these capital assets to provide educational services to children and adults; consequently, these assets are not available for future spending. Although the City of Monroe School Board's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

**CITY OF MONROE SCHOOL BOARD
Management's Discussion and Analysis**

For The Year Ended June 30, 2014

City of Monroe School Board's Net Assets

	<u>June 30, 2014</u>	<u>June 30, 2013</u>
Current and other assets	\$ 57,194,971	\$ 39,849,871
Capital assets	<u>69,853,625</u>	<u>67,453,334</u>
Total assets	\$ <u>127,048,596</u>	\$ <u>107,303,205</u>
Deferred outflows of resources	<u>563,084</u>	<u>804,480</u>
Current and other liabilities	\$ 12,159,582	\$ 10,036,509
Long-term liabilities	<u>99,237,411</u>	<u>77,434,999</u>
Total liabilities	\$ <u>111,396,993</u>	\$ <u>87,471,508</u>
Net position		
Net invested in capital assets	\$ 20,900,325	\$ 32,334,209
Restricted	29,424,024	14,172,658
Unrestricted	<u>(34,109,662)</u>	<u>(25,870,690)</u>
Total net position	\$ <u><u>16,214,687</u></u>	\$ <u><u>20,636,177</u></u>

Restricted net position of \$29.4 million are reported separately to show the legal constraints for the payment of outstanding long-term debt obligations and future construction projects and to limit the School Board from using these funds for day-to-day operations. Debt Service Funds account for \$4.2million of the total, with capital projects accounting for \$17.5 million. The remaining balance is monies restricted for salaries and benefits.

Governmental activities decreased the City of Monroe School Board's net position by \$4.2 million. Key elements of this decrease are as follows:

CITY OF MONROE SCHOOL BOARD
Management's Discussion and Analysis

For The Year Ended June 30, 2014

City of Monroe School Board's Changes in Net Assets

	<u>Year Ended June 30, 2014</u>	<u>Year Ended June 30, 2013</u>
Revenues		
Program revenues		
Charges for services	\$ 170,332	\$ 154,518
Operating and capital grants & contributions	18,375,336	18,892,811
General revenues		
Ad valorem taxes	14,939,546	13,336,206
Sales taxes	27,511,476	26,408,100
Minimum foundation program	44,064,774	43,937,418
Interest on investments	146,046	135,700
Other general revenues	<u>1,243,051</u>	<u>473,480</u>
 Total revenues	 <u>106,450,561</u>	 <u>103,338,233</u>
Expenses		
Instruction	63,936,651	62,676,937
Support services		
Pupil support services	5,596,707	6,830,486
Instructional staff support	5,277,886	4,925,394
General administration	2,579,453	2,476,815
School administration	4,720,608	4,886,436
Business services	1,498,174	1,521,067
Plant services	9,273,310	9,084,842
Student transportation services	4,047,347	3,948,179
Central services	3,255,819	4,346,619
Other support services	91,590	9,108
School food services	6,471,876	6,569,724
Facility acquisition and construction	2,945,814	1,605,614
Debt service - interest on long-term obligations	<u>914,736</u>	<u>746,350</u>
 Total expenses	 <u>110,609,971</u>	 <u>109,627,571</u>
 Increase (decrease) in net position	 \$ <u>(4,159,410)</u>	 \$ <u>(6,289,338)</u>

CITY OF MONROE SCHOOL BOARD
Management's Discussion and Analysis

For The Year Ended June 30, 2014

Governmental Activities

Expenses are classified by functions/programs. Instructional services for fiscal 2014 totaled \$63,936,651, compared to a total of \$62,676,937 for 2013. The remaining functions are considered support services and relate to those functions that support the instructional services provided, such as pupil support, instructional staff support, administration, transportation, and plant services. Support services for fiscal 2014 totaled \$36,340,894 compared to \$38,028,946 for 2013.

The remaining expenditures of \$10,332,426 consist of \$2,945,814 for facility acquisition and construction, \$6,471,876 for food and service operations and \$914,736 of interest expense on long-term obligations.

The related program revenues for fiscal year 2014 directly related to these expenses totaled \$18,545,668, including \$170,332 in charges for such services. The balance of expenses represents the cost to the taxpayers. The costs of governmental activities exceeding restricted state and federal grants are paid primarily from the following sources:

- **Minimum Foundation Program (MFP)** – MFP is the funding formula for the 69 school districts in the state of Louisiana. The School Board received \$44,064,774 in MFP funds in 2013-2014. This amounts to 41.4% of the total revenues received by the School Board.
- **Sales Tax revenues** – sales tax revenues are the second largest source of revenue for the School Board, generating \$25,511,476 in revenue, or 25.8% of total revenue.
- **Ad Valorem tax revenues** – Ad valorem, or property tax revenues, the third largest source of revenues, accounts for 14.0% of total revenues or \$14,939,546.

Financial Analysis of Governmental Funds

As noted earlier, the City of Monroe School Board uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The focus of the City of Monroe School Board's government funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City of Monroe School Board's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a School Board's net resources available for spending at the end of the fiscal year.

- As of the close of the current fiscal year, the City of Monroe School Board's governmental funds reported a combined ending fund balance of \$45,394,822 an increase of \$15,362,396 in comparison with the prior fiscal year.

**CITY OF MONROE SCHOOL BOARD
Management's Discussion and Analysis**

For The Year Ended June 30, 2014

- The General Fund is the chief operating fund of the City of Monroe School Board. At the end of the current fiscal year, the fund balance of the General Fund is \$16,016,142.
- The Special Revenue Funds have a total fund balance of \$7,716,674 of which \$197,267 is nonspendable, \$3,398,392 is restricted for salaries and related benefits, \$3,695,307 is restricted for instructional costs and \$425,707 is restricted for food services.
- The Debt Service Funds have a total fund balance of \$4,176,940 all of which is restricted for the payment of debt service.
- The Capital Projects Funds have a fund balance of \$17,485,067 all of which is restricted for construction projects.

General Fund Budgetary Highlights

In accordance with Louisiana Revised Statutes Title 39, Chapter 9, Louisiana Local Government Budget Act (LSA-R.S 39:1301 et seq), the City of Monroe School Board must adopt a budget for the General Fund and all Special Revenue funds prior to September 15th. The original budget for the School Board was adopted on July 23, 2013.

The original General Fund Budget projected an ending fund balance of \$14.7 million, with the amended budget projecting to end the year with a positive balance of \$14.5 million. The actual ending balance for the General Fund came in at \$16.0 million. Expenses came in lower than projected in virtually all functional categories

Capital Assets and Debt Administration

Capital Assets: The City of Monroe School Board's investment in capital assets as of June 30, 2014, amounts to \$69,853,625 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, furniture and equipment, and construction in progress. The table below shows the value at the end of the fiscal year.

**City of Monroe School Board's Capital Assets
(Net of depreciation)**

	2014	2013
Land	\$ 1,669,547	\$ 1,669,547
Buildings and improvements	61,588,906	62,338,329
Furniture and equipment	2,950,973	2,439,534
Construction in progress	3,644,199	1,005,924
Total	\$ 69,853,625	\$ 67,453,334

**CITY OF MONROE SCHOOL BOARD
Management's Discussion and Analysis**

For The Year Ended June 30, 2014

Long-Term Debt

**City of Monroe School Board Outstanding Debt
As of June 30, 2013**

	Balance <u>June 30, 2014</u>	Balance <u>June 30, 2013</u>
School Refunding Bonds		
Series 2003	\$ 2,390,000	\$ 4,660,000
Series 2014	20,000,000	2,695,000
 Sales Tax Bonds		
Series 2010	6,650,000	7,350,000
Series 2011	2,710,000	3,035,000
 Revenue Bonds		
Series 2009	10,000,000	10,000,000
Series 2011	5,000,000	5,000,000
 Certificates of Indebtedness		
Series 2008	703,300	879,125
Series 2009	<u>1,500,000</u>	<u>1,500,000</u>
 Total	 \$ <u>48,953,300</u>	 \$ <u>35,119,125</u>

Future Operations

The School Board established a goal of maintaining a fund balance equal to 15% of the General Fund budgeted expenditures. The district continued to maintain a fund balance that exceeded this goal for the current fiscal year, and anticipates exceeding this goal again for 2014-2015. The School Board adopted a General Fund budget for 2014-2015 with an operating deficit of \$404,137. With this planned deficit spending, the projected ending fund balance still remains significantly above the 15% fund balance goal. For the upcoming fiscal year, listed below are several factors considered for 2014-2015 operations and budget preparations.

- The 2014-2015 Minimum Foundation Program included the 2.75% growth, increasing the state and local base cost per pupil from \$3,855 to \$3,961. The district is required to sustain the certificated classroom teacher pay raises from the 2013-2014 appropriation.

**CITY OF MONROE SCHOOL BOARD
Management's Discussion and Analysis**

For The Year Ended June 30, 2014

- The increased cost of retirement continues to be an area of concern. Retirement rates for 2014-2015 increased from 27.2% to 28.0% for Teachers' Retirement System of Louisiana and from 32.3% to 33% for Louisiana School Employees' Retirement System.
- Louisiana Office of Group Benefits is anticipating a 5% increase in employer group insurance premiums, as the provisions of the Affordable Care Act are implemented.
- Sales Tax revenue is projected to increase by 2% based on historical trends.
- CenturyLink is nearing completion of the expansion of its Technology Center of Excellence located in Monroe, LA. The expansion is expected to create 800-850 new jobs, within the mid-to-high salary range. The demand for housing construction and residential development has increased in the surrounding communities to accommodate this expansion.

Contacting the School Board's Financial Management

If you have questions about this report or need additional financial information, contact DaVona Howard of the City of Monroe School Board, P. O. Box 4180, Monroe, LA 71211-4180, or call at (318) 325-0601.

BASIC FINANCIAL STATEMENTS

**GOVERNMENT-WIDE
FINANCIAL STATEMENTS (GWFS)**

**City of Monroe School Board
Monroe, Louisiana**

**Statement of Net Position
Governmental Activities**

June 30, 2014

	<u>Primary Government</u>	
	<u>Governmental Activities</u>	<u>Component Unit</u>
Assets		
Cash and cash equivalents	\$ 41,968,825	\$ 27,079
Investments	3,988,038	-
Receivables		
Ad valorem taxes	38,634	-
Sales and use taxes	4,578,560	-
Federal grants	4,519,425	-
State grants	467,569	192,502
Other	33,281	-
Inventory	235,712	-
Other assets	1,364,927	11,281
Capital assets, net	<u>69,853,625</u>	<u>292,324</u>
Total assets	<u>127,048,596</u>	<u>523,186</u>
Deferred outflows of resources		
Deferred amount on refunding	<u>563,444</u>	<u>-</u>
Liabilities		
Accounts payable	2,541,144	-
Salaries and wages payable	9,247,893	60,074
Deferred revenue	11,112	-
Interest payable - bonds	359,433	-
Long-term liabilities		
Due within one year	4,349,676	-
Due in more than one year	<u>94,887,735</u>	<u>-</u>
Total liabilities	<u>111,396,993</u>	<u>60,074</u>
Net position		
Net investment in capital assets	20,900,325	292,324
Restricted for		
Instructional costs	263,583	-
Capital projects	17,485,067	-
Debt service	4,176,940	-
Salaries and related benefits	4,066,710	-
Instructional and maintenance costs	3,431,724	-
Unrestricted	<u>(34,109,301)</u>	<u>170,788</u>
Total net position	<u>\$ 16,215,048</u>	<u>\$ 463,112</u>

The accompanying notes are an integral part of this statement.

**City of Monroe School Board
Monroe, Louisiana**

**Statement of Activities
Governmental Activities**

For the Year Ended June 30, 2014

	PROGRAM REVENUES				Primary Government	Component Unit
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	NET (EXPENSES) REVENUES AND CHANGES IN NET POSITION	
Primary Government						
Functions/programs						
Current						
Instructional services						
Regular programs	\$ 33,366,086	\$ -	\$ 1,177,243	\$ -	(32,188,843)	
Special education programs	14,191,807	-	836,611	-	(13,355,196)	
Vocational programs	1,738,830	-	94,281	-	(1,644,549)	
Other instructional programs	7,298,591	27,630	1,203,121	-	(6,067,840)	
Special programs	7,126,173	-	6,580,062	-	(546,111)	
Adult/continuing education	235,164	-	122,250	-	(112,914)	
Support services						
Pupil support services	5,596,707	-	946,427	-	(4,650,280)	
Instructional staff support services	5,277,886	-	2,537,695	-	(2,740,191)	
General administration	2,579,453	-	608	-	(2,578,845)	
School administration	4,720,608	-	5,946	-	(4,714,662)	
Business services	1,498,174	-	17,005	-	(1,481,169)	
Plant services	9,273,310	-	13,403	-	(9,259,907)	
Student transportation services	4,047,347	-	85,930	-	(3,961,417)	
Central services	3,255,819	-	73,451	-	(3,182,368)	
Other support services	71,590	-	66,209	-	(5,381)	
Noninstructional services						
Food service operations	6,471,876	142,702	4,615,094	-	(1,714,080)	
Facility acquisition and construction	2,945,814	-	-	-	(2,945,814)	
Debt service						
Interest on long-term obligations	914,736	-	-	-	(914,736)	
Total Primary Government	\$ 110,609,971	\$ 170,332	\$ 18,375,336	\$ -	\$ (92,064,303)	
Component Unit						
Excellence Academy Charter School	\$ 2,266,255	\$ -	\$ 240,733	\$ -		\$ (2,025,522)
General revenues						
Taxes						
Ad valorem taxes levied for						
General purposes					10,119,751	
Debt service purposes					4,819,795	
Sales taxes levied for						
General purposes					10,729,476	
Salaries and related benefits					16,782,000	
Grants and contributions not restricted to specific programs						
Minimum foundation program					44,064,774	2,433,835
State revenue sharing					836,321	
Interest and investment earnings					146,046	
Gain (loss) on disposals of assets					(2,628)	
Other					409,358	54,799
Total general revenues					87,904,893	2,488,634
Changes in net position						
Net position at beginning of year - restated (Note 4)					(4,159,410)	463,112
					20,374,458	-
Net position at end of year					\$ 16,215,048	\$ 463,112

The accompanying notes are an integral part of this statement.

FUND FINANCIAL STATEMENTS (FFS)

City of Monroe School Board
Monroe, Louisiana

**GOVERNMENTAL FUNDS
BALANCE SHEET**

June 30, 2014

	MAJOR FUNDS				AGGREGATE REMAINING FUNDS		TOTAL
	GENERAL FUND	SPECIAL REVENUE		GO BONDS 2014 CAPITAL PROJECTS	GOVERNMENTAL	OTHER	
		TITLE I	2001 SALES TAX				
Assets							
Cash and cash equivalents	\$ 16,051,122	\$ 10,040	\$ 1,007,639	\$ 18,958,033	\$ 5,941,991	\$ -	\$ 41,968,825
Investments	250,000	-	3,738,038	-	-	-	3,988,038
Accounts receivable	460,181	3,148,777	2,554,618	-	3,473,893	-	9,637,469
Due from other funds	5,913,388	-	-	-	-	-	5,913,388
Inventory	104,981	-	-	-	130,731	-	235,712
Other assets	1,267,547	20,014	66,536	-	10,830	-	1,364,927
Total assets	\$ 24,047,219	\$ 3,178,831	\$ 7,366,831	\$ 18,958,033	\$ 9,557,445	\$ -	\$ 63,108,359
Liabilities and fund balances							
Liabilities							
Accounts payable	\$ 302,951	\$ 13,886	\$ 53,948	\$ 1,613,816	\$ 556,543	\$ -	\$ 2,541,144
Salaries and wages payable	6,703,493	578,775	504,749	-	1,460,876	-	9,247,893
Due to other funds	1,024,633	2,586,170	502,098	-	1,800,487	-	5,913,388
Deferred revenue and other liabilities	-	-	-	-	11,112	-	11,112
Total liabilities	8,031,077	3,178,831	1,060,795	1,613,816	3,829,018	-	17,713,537
Fund balances							
Nonspendable							
Inventory and prepaids	1,372,528	-	66,536	-	130,731	-	1,569,795
Restricted for							
Salaries and related benefits	-	-	2,807,775	-	590,617	-	3,398,392
Instructional costs	-	-	-	-	263,583	-	263,583
Instructional and maintenance costs	-	-	3,431,724	-	-	-	3,431,724
Food services	-	-	-	-	425,707	-	425,707
Debt service	-	-	-	-	4,176,940	-	4,176,940
Capital projects	-	-	-	17,344,217	140,850	-	17,485,067
Unassigned	14,643,614	-	-	-	-	-	14,643,614
Total fund balances	16,016,142	-	6,306,035	17,344,217	5,728,428	-	45,394,822
Total liabilities and fund balances	\$ 24,047,219	\$ 3,178,831	\$ 7,366,830	\$ 18,958,033	\$ 9,557,446	\$ -	\$ 63,108,359

The accompanying notes are an integral part of this statement.

**CITY OF MONROE SCHOOL BOARD
Monroe, Louisiana**

**Reconciliation of the Governmental Funds'
Balance Sheet to Statement of Net Position**

June 30, 2014

Total fund balances - governmental funds \$ 45,394,822

The cost of capital assets (land, buildings, furniture and equipment) purchased or constructed is reported as an expenditure in Governmental Funds. The Statement of Net Position includes those capital assets among the assets of the School Board as a whole. The cost of those capital assets is allocated over their estimated useful lives (as depreciation expense) to the various programs reported as Governmental Activities in the Statement of Activities. Because depreciation expense does not affect financial resources, it is not reported in governmental funds.

Cost of capital assets	\$ 112,978,144	
Accumulated depreciation	<u>(43,124,518)</u>	69,853,626

Elimination of interfund assets and liabilities

Interfund assets	5,913,388	
Interfund liabilities	<u>(5,913,388)</u>	-

Long-term liabilities applicable to the School Board's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities - both current and long-term- are reported in the Statement of Net Position.

The accompanying notes are an integral part of this statement.

(Continued)

CITY OF MONROE SCHOOL BOARD
Monroe, Louisiana

Reconciliation of the Governmental Funds'
Balance Sheet to Statement of Net Position (Concluded)

June 30, 2014

Balances at June 30, 2014 are

Long-term liabilities		
Compensated absences payable	(1,606,772)	
General obligation bonds payable	(22,390,000)	
Sales tax bonds payable	(9,360,000)	
Revenue bonds payable	(15,000,000)	
Certificates of indebtedness	(2,203,300)	
Other post employment benefits	(48,267,131)	
Bond premium	<u>(410,208)</u>	(99,237,411)

Payments to escrow agents to refund bonded debt are reported in the Governmental Funds as Other Financing Sources. The amount paid to the escrow agents for principal is removed from the long-term bonded debt in the Statement of Net Position. The deferred part of the payments is shown as deferred outflows of resources in the Statement of Net Position. The deferred amount is amortized over the lesser of the life of the original bonds or the life of the refunding

563,444

Interest on outstanding bonds in the Governmental Funds is recorded as an expenditure when paid. Bond interest in the Statement of Net Position is recognized as a liability as it accrues.

Accrued interest on outstanding bonds		<u>(359,433)</u>
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Net Position		\$ <u>16,215,048</u>
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The accompanying notes are an integral part of this statement.

City of Monroe School Board
Monroe, Louisiana

GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES

For the Year Ended June 30, 2014

	MAJOR FUNDS				AGGREGATE REMAINING FUNDS		TOTAL
	GENERAL FUND	SPECIAL REVENUE		GO BONDS 2014 CAPITAL PROJECTS	OTHER GOVERNMENTAL		
		TITLE I	2001 SALES TAX				
REVENUES							
Local sources							
Ad valorem taxes	\$ 10,119,751	\$ -	\$ -	\$ -	\$ 4,819,795	\$ -	\$ 14,939,546
Sales and use taxes	-	-	15,384,810	-	12,126,666	-	27,511,476
Earnings on investments	29,679	-	81,755	594	34,018	-	146,046
Cash payments for meals	-	-	-	-	142,702	-	142,702
Other local revenue	893,834	-	-	-	51,443	-	945,277
State sources							
State equalization	43,914,774	-	-	-	150,000	-	44,064,774
Revenue sharing	288,869	-	-	-	547,452	-	836,321
Other unrestricted revenue	498,580	-	-	-	-	-	498,580
Other restricted revenue	597,109	-	90,607	-	79,164	-	766,880
Federal sources							
Federal restricted grants-in-aid	84,924	6,187,180	-	-	10,329,484	-	16,601,588
Total revenues	56,427,520	6,187,180	15,557,172	594	28,280,724	-	106,453,190
EXPENDITURES							
Current							
Instructional services							
Regular programs	22,284,494	56	3,069,996	-	5,104,502	-	30,459,048
Special education programs	9,152,509	-	1,383,177	-	2,588,098	-	13,123,784
Vocational programs	1,133,347	-	132,265	-	333,500	-	1,599,112
Other instructional programs	3,593,554	473,455	844,658	-	1,830,216	-	6,741,883
Special programs	459,669	3,535,436	96,316	-	2,452,272	-	6,543,693
Adult/Continuing education programs	72,810	-	8,824	-	135,614	-	217,248
Support services							
Pupil support services	2,932,246	404,462	525,094	-	1,314,267	-	5,176,069
Instructional staff support	1,764,918	1,175,252	198,349	-	1,738,095	-	4,876,614
General administration	1,513,458	-	645,704	-	224,860	-	2,384,022
School administration	3,120,795	-	383,727	-	861,293	-	4,365,815
Business services	929,797	11,194	179,039	80,884	166,505	-	1,367,419
Plant services	3,392,547	13,051	3,635,891	-	1,353,451	-	8,394,940
Student transportation services	2,854,853	31,278	386,193	-	277,007	-	3,549,331
Central services	1,003,438	-	1,314,824	23,000	332,701	-	2,673,963
Other support services	-	-	-	-	66,209	-	66,209
Noninstructional services							
Food service operations	263,090	-	464,421	-	5,197,851	-	5,925,362
Debt service							
Principal	175,825	-	-	-	5,990,000	-	6,165,825
Interest	73,008	-	-	-	570,554	-	643,562
Capital outlay	945,917	-	1,068,835	2,027,333	2,429,579	-	6,471,664
Facility acquisition & construction	-	-	-	525,160	-	-	525,160
Total expenditures	55,666,275	5,644,184	14,337,313	2,656,377	32,966,573	-	111,270,722
Excess (deficiency) of revenues over expenditures	761,245	542,996	1,219,859	(2,655,783)	(4,685,850)	-	(4,817,533)
OTHER FINANCING SOURCES (USES)							
Proceeds from sale of assets	22,016	-	-	-	-	-	22,016
Proceeds from issuance of debt	-	-	-	20,000,000	-	-	20,000,000
Transfers in	1,308,554	-	2,082,697	-	1,824,165	-	5,215,416
Bond premium	-	-	-	-	157,913	-	157,913
Transfers out	(1,213,623)	(542,996)	(1,532,120)	-	(1,926,677)	-	(5,215,416)
Total other financing sources (uses)	116,947	(542,996)	550,577	20,000,000	55,401	-	20,179,929
Net change in fund balances	878,192	-	1,770,436	17,344,217	(4,630,449)	-	15,362,396
Fund balances at beginning of year	15,137,950	-	4,535,599	-	10,358,877	-	30,032,426
Fund balances at end of year	\$ 16,016,142	\$ -	\$ 6,306,035	\$ 17,344,217	\$ 5,728,428	\$ -	\$ 45,394,822

The accompanying notes are an integral part of this statement.

CITY OF MONROE SCHOOL BOARD
Monroe, Louisiana

Reconciliation of the Governmental Funds'
Statement of Revenues, Expenditures and Changes in
Fund Balances to the Statement of Activities

For the Year Ended June 30, 2014

Total net change in fund balances - Governmental Funds	\$	15,362,396
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Amounts reported for governmental activities in the Statement of Activities are different because:

Elimination of operating transfers in and out:

Transfers in	\$	(5,215,416)	
Transfers out		<u>5,215,416</u>	-

Capital outlays are reported in Governmental Funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceed capital outlays in the period:

Capital Outlays		5,783,193	
Depreciation		<u>(3,096,539)</u>	2,686,654

Neither capital Assets nor depreciation are reported in the Governmental Funds. Capital assets and accumulated depreciation are reported in the Statement of Net Position. When an asset is disposed, it results in a gain or loss on the disposal of the asset in the Statement of Activities. During the current year the School Board disposed of assets resulting in a loss on disposal of capital assets of \$2,628. (24,644)

The proceeds from the issuance of new debt is recorded as other financing sources in the Governmental Funds. However, the incurrence of debt increases long-term liabilities in the Statement of Net Position. (20,000,000)

Repayment of bond principal is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the Statement of Net Position. 6,165,825

In the Statement of Activities, certain operating expenses - compensated absences (vacations and sick leave) - are measured by the amounts earned during the year. In the Governmental Funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). In the current year, vacation and sick time used (\$958,743) exceeded the amounts earned (\$882,164). 76,579

The accompanying notes are an integral part of this statement.

(Continued)

**CITY OF MONROE SCHOOL BOARD
Monroe, Louisiana**

**Reconciliation of the Governmental Funds'
Statement of Revenues, Expenditures and Changes in
Fund Balances to the Statement of Activities (Concluded)**

For the Year Ended June 30, 2014

The deferred amount on refunding of bonded debt is shown as a reduction of long-term debt, however, the amount is amortized over the lesser of the life of the original bonds or the life of the refunding bonds.

Current year deferred amount of refunding	-	
Current year amortization	<u>(241,036)</u>	(241,036)

Other post employment benefits are reported in the Governmental funds as expenditures when paid. The unfunded annual contribution is reported in the Statements of Activities as it accrues. (7,997,133)

Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because accrued interest received from bond sales is recognized as Other Financing Sources when received and interest on outstanding bonds is recognized as an expenditure in the governmental funds when it is due, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expenses are recognized as the interest accrues, regardless of when it is due.

Interest expense payable as of June 30, 2014	(359,433)	
Interest expense payable as of June 30, 2013	<u>219,065</u>	(140,368)

Bond premium from bond sales is reported in the Governmental Funds as Other Financing Sources when received. Bond premium is reported in the Government-wide Financial Statements as a liability and amortized over the life of the bonds.

Current year premium deferral	(157,913)	
Current year bond premium amortization	<u>110,230</u>	<u>(47,683)</u>

Change in net position of governmental activities **\$ (4,159,410)**

The accompanying notes are an integral part of this statement.

**City of Monroe School Board
Monroe, Louisiana**

**Statement of Assets and Liabilities
Fiduciary Fund Type - Agency Funds
School Activity Funds**

June 30, 2014

Assets

Cash and cash equivalents	\$ <u>650,519</u>
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Liabilities

Amounts held for other organizations	\$ <u>650,519</u>
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The accompanying notes are an integral part of this statement.

CITY OF MONROE SCHOOL BOARD
Monroe, Louisiana
Statement of Net Position
EXCELLENCE ACADEMY
Discretely Presented Component Unit
June 30, 2014

Assets	
Current assets	
Cash and cash equivalents	\$ 27,079
Receivables	192,502
Prepaid expenses	11,281
Total current assets	230,862
Capital assets, net of accumulated depreciation	292,324
Total assets	523,186
Liabilities	
Current liabilities	
Accrued expenses	60,074
Total liabilities	60,074
Net Position	
Net investment in capital assets	292,324
Unrestricted	170,788
Total Net Position	\$ 463,112

The accompanying notes are an integral part of this statement.

CITY OF MONROE SCHOOL BOARD
Monroe, Louisiana
Statement of Activities
EXCELLENCE ACADEMY
Discretely Presented Component Unit
For the Year Ended June 30, 2014

Expenses	
Instructional	\$ 850,105
Support services	1,259,483
Operation on non-instructional service	115,085
School account activity	41,582
Total expenses	<u>2,266,255</u>
 Program Revenues	
Operating grants and contributions	<u>240,733</u>
Total program revenues	<u>240,733</u>
Net program expense	(2,025,522)
 General Revenues	
Grants not restricted to specific purposes	
Minimum Foundation Program	2,433,835
Other revenue	<u>54,799</u>
Total general revenues	<u>2,488,634</u>
Change in net position	463,112
 Net Position	
Beginning of year	-
End of year	<u><u>\$ 463,112</u></u>

The accompanying notes are an integral part of this statement.

CITY OF MONROE SCHOOL BOARD
Monroe, LA

Notes To The Basic Financial Statements

June 30, 2014

Note 1 - Summary of Significant Accounting Policies

ORGANIZATION

The City of Monroe School Board (the School Board) is governed by a seven-member board, each of whom is elected from a single member district. It operates under the authority of the City of Monroe Charter of 1900, as amended by the Mayor-Council Home Rule Charter for the City of Monroe, adopted in August 1979. The School Board is authorized to establish and operate public schools within the City of Monroe.

The School Board is composed of a central office, 20 schools and 2 support facilities. The School Board serves approximately 8,400 students and employs approximately 1,400 persons, of which over 800 are directly involved in the instructional process. The remainder provides ancillary support such as general administration, repair and maintenance, bus transportation and food service. The regular school term normally begins during the latter half of August and runs until the end of May.

A. Financial Reporting Entity

The School Board is the basic level of government which has oversight responsibility and control over all activities related to public school education in the City of Monroe. The School Board receives funding from Federal, state and local sources and must comply with the requirements of those funding source entities. However, the School Board is not included in any other governmental reporting entity as defined by Governmental Accounting Standards Board (GASB) Statement No. 14 *The Reporting Entity*, since the members of the School Board are elected by the public and have decision making authority, the authority to levy taxes, the power to designate management, the ability to significantly influence operations and primary accountability for fiscal matters. Therefore, the School Board is a separate governmental reporting entity. For financial reporting purposes, the School Board's financial statements include all funds, school, agencies and committees for which the School Board is financially accountable.

The financial reporting entity consists of (a) the primary government (the School Board), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

CITY OF MONROE SCHOOL BOARD
Monroe, LA

Notes To The Basic Financial Statements

June 30, 2014

GASB Statement 14, *The Financial Reporting Entity*, sets forth criteria for determining which, if any, component units should be considered part of the School Board for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability, which include:

1. Appointing a voting majority of an organization's governing body, and:
 - a. The ability of the School Board to impose its will on that organization and/or;
 - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the School Board.
2. Organizations for which the School Board does not appoint a voting majority, but are fiscally dependent on the School Board.
3. Organizations for which the reporting entity financial statements would be misleading if data of the potential component unit were not included because of the nature or significance of the relationship.

Because an organization for which the reporting entity financial statements would be misleading if data of the potential component unit were not included because of the nature or significance of the relationship. Also fiscal dependency may also be considered in determining financial accountability. For these reasons, the School Board has determined that Excellence Academy Charter School should be considered a component unit of the School Board and be reported as part of the School Board reporting entity.

Certain units of local government, such as other independently elected officials, the parish police jury and municipalities, are excluded from the accompanying financial statements. These units have their own elected governing authorities and are not financially accountable to the School Board.

B. Fund Accounting

The financial transactions of the School Board are recorded in individual funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that includes its assets, liabilities, fund equity, revenues and expenditures/expenses. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions.

CITY OF MONROE SCHOOL BOARD
Monroe, LA

Notes To The Basic Financial Statements

June 30, 2014

The minimum number of funds is maintained consistent with legal and managerial requirements.

The School Board uses the following fund categories and fund types:

Governmental Funds

Governmental funds account for the School Board's general government activities, including the collection and disbursement of specific or legally restricted monies, the acquisition or construction of general fixed assets, and the servicing of general long-term debt.

Governmental funds are divided into major and nonmajor funds. Major funds are funds that meet certain dollar tests of their assets, liabilities, revenues and expenditures. Major funds are larger, more significant funds. Nonmajor funds are the governmental funds that do not meet the dollar tests for major funds. The major and nonmajor funds are described below.

Major Funds:

General Fund - The General Fund is the general operating fund of the School Board. It accounts for all financial resources except those required to be accounted for in another fund. The General Fund is always a major fund.

Special Revenue Funds – Special Revenue Funds account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The following Special Revenue Funds are major funds:

Title I of the Elementary and Secondary Education Act (ESEA) is a federally financed program which provides for the needs of children who are at risk of not meeting challenging academic standards and who reside in areas of high concentrations of children from low-income families.

2001 Sales Tax Fund accounts for the collection and distribution of the sales tax levies to provide additional support to the school system to include funding of capital improvements and employee salaries.

CITY OF MONROE SCHOOL BOARD
Monroe, LA

Notes To The Basic Financial Statements

June 30, 2014

Capital Projects Funds – Capital Projects Funds account for financial resources used for the acquisition or construction of major capital facilities and improvements. The following Capital Projects Fund is a major fund:

The GO Bonds 2014 Capital Projects Fund accounts for the proceeds from the issuance of \$20,000,000 of General Obligation Bonds for the purpose of construction, rehabilitation or repair of public school facilities and equipping of school facilities.

Nonmajor Funds:

The School Board has 8 nonmajor Special Revenue Funds, 3 nonmajor Debt Service Funds and 4 nonmajor Capital Projects Funds. For a description of these funds, see the Nonmajor Funds section of this report.

Fiduciary Funds

Agency Funds – The Agency Funds account for assets held by the School Board in a trustee capacity or as an agent for individuals, private or school organizations, other governmental units and/or other funds. The School Activity Fund accounts for all individual school activity funds. While these funds are under the supervision of the School Board, they belong to the individual schools or their student bodies and are not available for use by the School Board.

C. *Basis of Accounting / Measurement Focus*

Government-Wide Financial Statements (GWFS)

The Statement of Net Assets and the Statement of Activities displays information about the reporting government as a whole. Fiduciary funds are not included in the GWFS. Fiduciary funds are reported only in the Statement of Fiduciary Net Assets at the fund financial statement level.

The Statement of Net Assets and the Statement of Activities were prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Non-exchange transactions are recognized when the School Board has an enforceable legal claim to the revenues, expenses, gains, losses, assets and liabilities.

CITY OF MONROE SCHOOL BOARD
Monroe, LA

Notes To The Basic Financial Statements

June 30, 2014

Program Revenues

Program revenues included in the Statement of Activities derive directly from the program itself or from parties outside the School Board's taxpayers or citizenry as a whole; program revenues reduce the cost of the function to be financed from the School Board's general revenues.

General Revenues

General revenues included in the Statement of Activities derive directly from local property and sales taxes and from unrestricted state grants. General revenues finance the remaining balance of a function not covered by program revenues.

Allocation of indirect expenses

The School Board reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Indirect expenses (long-term debt interest) of other functions are not allocated to those functions but are reported separately in the Statement of Activities. Depreciation expense is specifically identified by function and is included in the direct expense of each function.

Fund Financial Statements (FFS)

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds reported in the fund financial statements are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and liabilities are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

Governmental funds reported in the fund financial statements are accounted for on the modified accrual basis of accounting. Governmental fund revenues are recognized in the accounting period in which they become susceptible to accrual – that is when they become both measurable and available to pay current period liabilities. Such revenue items are ad valorem, sales and use taxes and federal and state entitlements. Ad valorem taxes are considered measurable in the calendar year of the tax levy. Ad valorem taxes are considered available because they are substantially collected within 60 days subsequent to year end. Sales taxes are

CITY OF MONROE SCHOOL BOARD
Monroe, LA

Notes To The Basic Financial Statements

June 30, 2014

considered measurable and available when collected by the vendors. Revenue from state and Federal grants are recorded when the reimbursable expenditure have been incurred.

Expenditures are recorded when the related fund liability is incurred. Principal and interest on general long-term debt are recorded as fund liabilities when due or when amounts have been accumulated in the Debt Service Funds for payments to be made early in the following year.

D. Cash and Cash Equivalents

Cash and cash equivalents include amounts in interest-bearing demand deposits as well as short-term investments with a maturity date within three months of the date acquired. Short-term investments are stated at cost, which approximates fair value.

Interest earned on balances maintained in the pooled bank account was distributed to the individual funds based on the cash balance maintained by the unrestricted participating fund during the year.

The School Board maintains separate “book” cash accounts for each fund that is pooled within the master bank account. Negative book cash balances appear in the financial statements as a liability, “Due to Other Funds.” The balance of these amounts will be paid primarily through collections of grants receivable reimbursements from the Federal and State Departments of Education.

E. Investments

Investments, consisting of certificates of deposit, are stated at market value in accordance with the provisions of GASB Statement No. 31.

F. Short-Term Interfund Receivables/Payables

During the course of operations, numerous transactions occur between individual funds for services rendered. These receivables and payables are classified as due from other funds or due to other funds on the fund financial statements balance sheet.

G. Elimination and Reclassifications

In the process of aggregating data for the statement of net assets and the statement of

CITY OF MONROE SCHOOL BOARD
Monroe, LA

Notes To The Basic Financial Statements

June 30, 2014

activities, some amounts reported as interfund activity and balances in the funds were eliminated or reclassified. Interfund receivables and payables were eliminated to minimize the “grossing up” effect on assets and liabilities within the governmental activities column.

H. Bond Issuance Costs/Bond Premiums

Costs associated with issuing bonds (bond rating fees, attorney fees, printing, etc.) are expensed as incurred and are reported as expenditures in the fund financial statements. Bond premium from bond sales is reported in the governmental funds as Other Financing Sources when received. Bond premium is reported in the Government-wide Financial Statements as a liability and amortized over the life of the bonds.

I. Inventory

Inventory of the School Food Service Fund consists of food and supplies. Inventory is recorded as an expenditure as it is consumed. Inventory is valued at cost on the first-in, first-out (FIFO) method. Commodities provided to the School Board by the United States Department of Agriculture (USDA) through the State Department of Education are reflected as revenue when received and as an expenditure when consumed. Commodities are valued at amounts assigned by the USDA.

J. Capital Assets

Capital Assets, which include land, buildings, and equipment, are reported as governmental funds in the governmental-wide financial statements. The School Board considers assets with an initial individual cost of \$5,000 or more and an estimated life of one year or more as a capital asset.

Capital assets are recorded at historical cost and depreciated over their estimated useful lives. Donated capital assets are recorded at their estimated fair value at the date of donation.

Estimated useful life is management’s estimate of how long the asset is expected to meet service demands. Capital assets have not been assigned a salvage value because management feels that the salvage value is immaterial. Straight-line depreciation is used based on the following useful lives:

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Buildings	40 years
Furniture and equipment	3-15 years

K. Interfund Activity

Interfund activity is reported as loans, reimbursements, or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental funds are netted as part of the reconciliation to the Government-Wide Financial Statements.

L. Fund Balance

Nonspendable fund balance represents resources that cannot be physically used to settle obligations of the school system, such as food inventory.

Restricted fund balances represent resources restricted by tax ordinances or by local, state or Federal grant regulations for future use and are, therefore, not available for future appropriation or expenditure.

Committed fund balances indicate the School Board's tentative plans for the use of financial resources in a future period. Fund balance commitments are made by Board approved resolutions.

Assigned fund balances are those determined by the Superintendent and Business Manager, under authority given under a resolution of the Board, as needed for the payment of future commitment.

The School Board had no committed or assigned fund balances at June 30, 2014.

Sometimes the School Board will make expenditures for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as *restricted*, *committed*, *assigned*, and *unassigned* fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the School Board's practice to consider *restricted* fund balance to have been depleted before using any of the

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components of *unrestricted* fund balance. Further, when the components of *unrestricted* fund balance can be used for the same purpose, *committed* fund balance is depleted first, followed by *assigned* fund balance. *Unassigned* fund balance is applied last.

M. Compensated Absences

All employees receive ten sick days each year, with any unused portion being carried forward. Upon retirement, employees with twenty years of service or more are paid for up to 25 days of accumulated sick leave. Only employees who work 12 calendar months per year earn vacation days. The School Board's policy regarding payment of accumulated vacation days is to allow for a maximum accumulation and payment of no more than 30 days with persons credited with days in excess of 30 as of the effective date (July 1, 1994) being grandfathered in at their then-current accumulation.

N. Long-Term Liabilities

Bond premiums and discounts, as well as issuance costs, are recognized in the fund financial statements in the period the bonds are issued. Bond proceeds are reported as an Other Financing Source. Issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures.

O. Restricted Net Position

For the Government-Wide Statement of Net Position, net assets are reported as restricted when constraints placed on net asset use are either:

Externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments;

Imposed by law through constitutional provisions or enabling legislation.

In the Statement of Net Position, the following items are considered restricted:

Capital projects are restricted because the proceeds from issuance of bonded debt are dedicated to acquiring and improving school property.

Debt service is considered restricted because an ad valorem tax has been levied specifically to meet the principal and interest payments of various bond issues.

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Salaries and related benefits are considered restricted as it represents undistributed salaries and related benefits from sales taxes restricted exclusively for this purpose.

Sometimes the School Board will make expenditures for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as *restricted* – net position and *unrestricted* – net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the School Board's practice to consider *restricted* – net position to have been depleted before *unrestricted* – net position is applied.

P. Sales and Use Taxes

The voters of Ouachita Parish authorized the City of Monroe School Board and the Ouachita Parish School Board to jointly levy and collect a 0.5% sales and use tax. The net proceeds of the tax are to be allocated and prorated between the two school boards annually on the basis of average daily membership for the preceding school year. Eighty-eight percent of the sales and use tax revenues received by the School Board are to be used for the payment of the salaries of teachers, as defined by the Louisiana State Department of Education. The remaining twelve percent is to be used for the payment of salaries to designated personnel other than teachers.

In March 1994, the voters of the City of Monroe approved the levy of a 0.5% sales and use tax. The net proceeds of the tax are to supplement salaries and benefits of certified teachers and other personnel and to provide additional funds for instructional activities. This sales tax went into effect in July 1994.

In July 2001, the citizens of the City of Monroe approved a 1% sales tax for additional support of the School Board. This sales tax went into effect in October 2001.

Q. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could

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differ from those estimates.

Note 2 - Cash and Cash Equivalents and Investments

Custodial credit risk - deposits. The School Board's cash and cash equivalents and investments consist of deposits with financial institutions. State statutes govern the School Board's investment policy. Permissible investments include direct obligations of the U.S. Government and agency securities, certificates of deposit, and savings accounts or savings certificates of savings and loan associations and repurchase agreements. In addition, local governments in Louisiana are authorized to invest in the Louisiana Asset Management Pool, Inc. (LAMP), a non-profit corporation formed by an initiative of the State Treasurer and organized under the laws of the State of Louisiana, which operates the local government investment pool. Collateral is required for demand deposits, certificates of deposit, savings certificates of savings and loan associations and repurchase agreements at 100% of all amounts not covered by deposit insurance. Obligations that may be pledged as collateral are obligations of the United States government and its agencies and obligations of the state and its subdivisions. Per Louisiana State law, collateral is not required for funds invested in LAMP.

The following is a schedule of the School Board's cash and cash equivalents at June 30, 2014. Differences between School Board balances and the bank balances arise because of the net effect of deposits-in-transit and outstanding checks.

	School Board Balance	Bank Balance
Cash on Deposit	\$ 41,337,392	\$ 42,303,535
Petty Cash	1,100	-
Cash Equivalents:		
LAMP Investments	630,333	630,333
TOTAL	\$ 41,968,825	\$ 42,933,868

The School Board's deposits are collateralized as follows:

Federal Deposit Insurance	\$ 1,250,000
Pledged Securities:	
Collateralized	77,892,589
Total	\$ 79,142,589

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The School Board's investments at June 30, 2014, consist of a certificate of deposit with a carrying and market value of \$250,000. It is held by the School Board's agent in the School Board's name and is collateralized. Also \$3,738,038 is being held in trust by the paying agent for the repayment of the School Board's Series 2009 and Series 2011 Qualified School Construction Bonds.

Credit risk. The School Board's investments consist of the certificate of deposit mentioned above and State and Local Government Series (SLGS) securities held by the paying agent thus limiting the School Board's credit risk at June 30, 2014.

Concentration of credit risk. The School Board does not limit the amount that may be invested in securities of any one issuer. Applicable state statutes do not place limits on credit concentration.

Interest rate risk. The School Board manages its exposure to declines in fair values by limiting the maturity of its investments to no longer than one year.

Note 3 - Ad Valorem Taxes

The Sheriff of Ouachita Parish, as provided by State law, bills and collects property taxes on behalf of the School Board using the assessed values determined by the tax assessor of Ouachita Parish. For the year ended June 30, 2014, taxes of 41.28 mills were levied on property with assessed valuations totaling \$350,769,557 and were dedicated as follows:

School Operations, Maintenance, Aid and Support	27.63 mills
Bonds - Debt Service	<u>13.65 mills</u>
	<u><u>41.28 mills</u></u>

The School Board's portion of the total taxes originally levied was \$16,386,546 of which \$14,479,767 was assessed on property owners and \$1,906,779 was assessed under Homestead Exemption. The School Board collected \$14,939,545 through June 30, 2014, of which a nominal amount was for prior year(s) levies. Approximately 85% of the homestead exemption is not appropriated by the State of Louisiana and therefore is not collected.

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Property Tax Calendar

Millage Rates Adopted	September 15, 2013
Levy Date	November 30, 2013
Tax Bills Mailed	November 30, 2013
Total Taxes Are Due	December 31, 2013
Lien Date	January 1, 2014

Assessed values are established by the Ouachita Parish Tax Assessor each year on a uniform basis at the following ratios to fair market value.

10% Land	15% Machinery
10% Residential Improvements	15% Commercial Improvements
15% Industrial Improvements	25% Public Service Properties, Excluding Land

Note 4 - Capital Assets

A summary of the changes in capital assets for the year ended June 30, 2014, is as follows:

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	Balance June 30, 2013 <u>(Restated)</u>	<u>Additions</u>	<u>Deletions</u>	Balance June 30, 2014
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 1,669,547	\$ -	\$ -	1,669,547
Construction-in-progress	1,005,924	4,331,986	1,693,711	3,644,199
Total capital assets not being depreciated	<u>2,675,471</u>	<u>4,331,986</u>	<u>1,693,711</u>	<u>5,313,746</u>
Capital Assets being depreciated				
Buildings & improvements	88,614,764	1,693,711	182,834	90,125,641
Furniture and equipment	16,165,549	1,451,207	77,999	17,538,757
Total capital assets being depreciated	<u>104,780,313</u>	<u>3,144,918</u>	<u>260,833</u>	<u>107,664,398</u>
Less accumulated depreciation				
Buildings and improvements	26,428,637	2,266,959	158,861	28,536,735
Furniture and equipment	13,835,532	829,580	77,328	14,587,784
Total accumulated depreciation	<u>40,264,169</u>	<u>3,096,539</u>	<u>236,189</u>	<u>43,124,519</u>
Total capital assets being depreciated, net	<u>64,516,144</u>	<u>48,379</u>	<u>24,644</u>	<u>64,539,879</u>
Governmental Activities Capital Assets, net	<u>\$ 67,191,615</u>	<u>\$ 4,380,365</u>	<u>\$ 1,718,355</u>	<u>\$ 69,853,625</u>

The School Board changed its capitalization policy to \$5,000 several years ago and treated the change prospectively for financial reporting purposes. However, the School Board continues to add all assets (including those below \$5,000) to ensure that a comprehensive list of asset records is maintained. This has created difficulty in reconciling balances reported for financial purposes to internal capital asset records. Since it would be impractical to account for assets existing prior to the change differently than assets purchased subsequent to the change, management made the decision in the current year to retrospectively restate beginning balances as of July 1, 2013, to reflect only those assets with individual values greater than or equal to \$5,000. As such, beginning balances for capital assets and accumulated depreciation have been decreased by approximately \$6,500,000 and \$6,240,000, respectively, for a net decrease in capital assets of \$261,719 as of June 30, 2013.

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Depreciation expense was charged to governmental activities as follows:

Instructional services:	
Regular programs	\$ 431,752
Special education programs	1,506
Vocational programs	9,764
Other instructional programs	8,822
Special programs	50,700
Adult/Continuing education	261
Support services:	
Instructional staff support services	4,969
General Administration	1,691
Business services	19,630
Plant services	196,147
Student transportation services	209,576
Central services	364,554
Food service operations	64,984
Facility acquisition and construction	1,732,183
Total depreciation expense	\$ <u><u>3,096,539</u></u>

Note 5 - Significant Concentrations of Risk

Amounts due from governmental agencies represent substantially all of receivables from outside sources. The School Board derives a majority of its revenue from grants by governmental agencies and is, therefore, economically dependent upon these grants.

Note 6 - Pension and Retirement Plans

State-sponsored Plans:

Substantially all employees of the School Board are members of two statewide retirement systems which are multiple-employer, cost-sharing public employee retirement systems. In general, professional employees such as teachers, principals and lunchroom workers are members of the Teachers' Retirement System of Louisiana (TRSL); other employees, such as custodial personnel and bus operators, are members of the Louisiana School Employees' Retirement System (LSERS). Generally, all full-time employees are eligible to participate in the systems, with employee benefits vesting after 10 years of service.

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Teachers' Retirement System of Louisiana (TRSL)

Under the TRSL Regular Plan, there are two retirement formulas: the 2% formula and the 2.5% formula. Participants may retire under the 2% formula at age 60 with at least 10 years of service credit or at any age with 20 years of service credit. Under the 2.5% formula, participants may retire at age 65 with 20 years of service credit; at age 55 with 25 years of service credit; or at any age with 30 years of service credit. The retirement benefit formula is based on the average salary of the 36 highest consecutive months times the applicable retirement percentage formula.

Under the TRSL-Plan A, normal retirement is generally at any age with 30 or more years credited service, and at the age of 55 with at least 25 years of credited service and at age 60 with at least 10 years of credited service. The retirement benefit formula is generally 3% times the average salary of the 36 highest successive months.

Funding Policy: As provided by statute, the School Board's employer contributions to the TRSL are funded by the State of Louisiana through expenditures by the School Board of state Minimum Foundation Program (MFP) funds and local ad valorem and sales taxes. State statutes also require covered employees to contribute a percentage of their salaries to the system. As further provided by statute, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the system's prior fiscal year. The School Board's contribution rates were 27.2%, 24.5%, and 23.7% for the years ended June 30, 2014, 2013 and 2012 respectively. The School Board's contributions to the TRSL plans for the years ended June 30, 2014, 2013 and 2012 were \$12,668,488, \$11,796,689, and \$11,636,748 respectively, equal to the statutorily required contributions in each year.

The TRSL issues an annual, publicly-available financial report that includes financial statements and required supplementary information for the retirement system. The report may be obtained by writing the Teachers' Retirement System, P.O. Box 94123, Baton Rouge, Louisiana 70804-9123 or by calling (225) 925-6446.

Louisiana School Employees' Retirement System (LSERS)

Employees participating in the LSERS are eligible for normal retirement after 30 years of service at any age, 25 years of service at age 55, or 10 years of service at age 60. The maximum retirement allowance is computed at 3.3% times the highest 36 months of average salary, times the years of service plus a supplement of \$2.00 per month times the years of service.

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Funding Policy: As provided by statute, the School Board's employer contributions to the LSERS are funded by the State of Louisiana through expenditures by the School Board of state MFP funds and local ad valorem and sales taxes. State statutes also require covered employees to contribute a percentage of their salaries to the system. As further provided by statute, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the system's prior fiscal year. The School Board's contribution rate of annual covered payroll were 32.3%, 30.8%, and 28.6% for the years ended June 30, 2014, 2013 and 2012 respectively. The School Board's contributions to the LSERS plans for the years ended June 30, 2014, 2013 and 2012 were \$1,392,034, \$1,256,903, and \$1,193,851 respectively, equal to the statutorily required contributions in each year.

The LSERS issues an annual, publicly-available financial report that includes financial statements and required supplementary information for the retirement system. The report may be obtained by writing the Louisiana School Employees' Retirement System, P.O. Box 44516, Capitol Station, Baton Rouge, LA 70804 or by calling (225) 925-6484.

School Board-Sponsored Plan:

The School Board has adopted for its employees a deferred compensation plan created in accordance with Internal Revenue Code (IRC) Section 457. The plan, available to all School Board employees, permits them to defer a portion of their salaries until future years. The School Board does not make any contributions to the plan. The deferred compensation is not available to employees until termination, retirement or unforeseen emergency. The deferred compensation is available to employee's beneficiaries in case of death.

Under the terms of a plan established in accordance with the terms of the amended IRC Section 457, all compensation deferred under the plan, all property and rights acquired with those amounts and all income attributable to those amounts and rights are solely the property and rights of the participants and their beneficiaries. As required by the amended IRC Section 457, the School Board has established custodial accounts with an unrelated third party administrator who holds in trust the assets and income of the plan. The trustee holds assets with a fair market value of \$824,239 at June 30, 2014.

Note 7 - Other Postemployment Benefits

As permitted by Louisiana Revised Statute 17:1223, the School Board provides certain continuing health care and life insurance benefits for certain retired employees through the State group insurance plan, an agent multiple employer defined benefit plan. These

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benefits if they reach normal retirement age, as defined under the applicable retirement system (see Note 6), while working for the School Board. Currently the City of Monroe School Board's post employment benefits plan provides employees with a choice of participation in one of three medical insurance plans, each with varying benefits: preferred provider organization (PPO), exclusive provider organization (EPO), or health maintenance organization (HMO). LSA-R.S. 42:801 – 859 assigns the authority to establish benefit plans and premium rates and negotiate contracts to the Office of Group Benefits under the direction of the Commissioner of Administration. The Office of Group Benefits' financial report is included in the Louisiana Comprehensive Annual Financial Report (CAFR) which may be obtained from Office of Statewide Reporting and Accounting Policy's website at www.doa.la.gov/osrap; by writing to P.O. Box 94095, Baton Rouge, Louisiana 70804-9095; or by calling (225)342-0708.

The School Board recognizes the cost of providing these benefits (the School Board's portion of premiums) as an expenditure in the Governmental Funds when the monthly premiums are due. The cost of retiree benefits totaled approximately \$3,674,980 during fiscal 2014; approximately 557 retirees receive benefits under this plan.

In the Government-wide Financial Statements in accordance with GASB 45 starting with the 2009 fiscal year, the cost of health care and life insurance benefits for active employees is expensed when earned. The liability for health care and life insurance for active and retired employees previously earned benefits has been calculated and will be amortized over 30 years. The normal costs and the accrued liability for previously earned benefits are based on the following data and assumptions:

Mortality Rate

The mortality rate was determined by using the RP-2000 System Table (sex distinct) with floating AA projections.

Investment Return Assumption (Discount Rate) and Inflation Rate

While GASB 45 allocates the costs of a postretirement benefit plan over the years of active employment (when the promise of future benefits is potentially motivating an employee), it does not require the funding of such benefits. There are two key points that need to be noted in this regard. First, the choice of the discount rate used in measuring the liabilities of the benefits is tied to the funding vehicle or lack thereof. GASB 45 requires the use of a discount rate for an unfunded plan equal to what the sponsor earns on its general assets. Since a lower discount rate leads to higher liabilities, a funded plan will have lower liabilities than an unfunded plan with identical provisions

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and membership. Since it is anticipated that the annual required contribution will not be funded, a 4% annual investment return is assumed in the actuarial evaluation which represents a reasonable estimate of short-term pooled funds.

Amortization Method and Period

The level dollar closed amortization method has been used. An amortization period of 30 years has been used for the medical benefits and for the life insurance benefits. The valuation used the closed group method, under which future entrants are not considered.

Healthcare Cost Trend Rate

In the absence of readily available cost trend data from the Office of Group Benefits, the expected rate of increase in healthcare insurance premiums is based on an understanding of the plan and *Milliman's Health Cost Guidelines*. The assumed annual per capita cost of medical and pharmacy benefits for select ages are illustrated below. These are gross amounts prior to reduction for any retiree contributions.

PPO

	<u>Retiree Only</u>	<u>Retiree & Spouse</u>
Pre-65	\$ 11,130	\$ 17,093
Post-65	\$ 3,136	\$ 5,637

EPO

	<u>Retiree Only</u>	<u>Retiree & Spouse</u>
Pre-65	\$ 11,130	\$ 17,093
Post-65	\$ 3,136	\$ 5,637

HMO

	<u>Retiree Only</u>	<u>Retiree & Spouse</u>
Pre-65	\$ 10,554	\$ 16,216
Post-65	\$ 3,024	\$ 5,420

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Medical Inflation (Trend Assumption)

The trend assumptions for medical and pharmacy costs and retiree premiums are summarized below:

<u>Year</u>	<u>Trend</u>
2012	6.30%
2013-2015	6.10%
2016-2020	6.00%
2021-2025	5.90%
2026-2032	5.80%
2033-2034	5.70%
2035	5.60%
2036-2037	5.50%
2038-2039	5.40%
2040-2042	5.30%
2043-2047	5.20%
2048-2053	5.10%
2054-2062	5.00%
2063-2076	4.90%
2077	4.80%
2078	4.60%
2079-2085	4.50%
2086 and ongoing	4.40%

Life Insurance

- Life insurance amount for active employees – \$77,000
- Life insurance benefits reduces to 75% of face value at age 65 and 50% of face value at age 70.

Withdrawal Rates

The following service related sample withdrawal rates are shown below:

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Age	Males	Females
25	7.0%	7.0%
30	8.0%	8.0%
35	6.0%	6.0%
40	3.0%	3.0%
45	2.0%	2.0%
50	2.0%	2.0%

The rate of withdrawal is multiplied by 1.25 for the year first of employment.

Disability Rates

The following service related sample disability rates are shown below:

Age	Male	Female
25	0.01%	0.01%
30	0.03%	0.03%
35	0.06%	0.06%
40	0.10%	0.10%
45	0.18%	0.18%
50	0.24%	0.24%
55	0.47%	0.47%

Retirement Rate

It is assumed that entitlement to benefits will commence at the expected retirement date (that is, the date at which the eligible employee will actually retire) under the pension plan which covers employees. It is assumed that this retirement date is *three years later* than the earliest date at which the employee is eligible for regular retirement benefits. That “regular retirement” date is defined as the earliest of the following:

- 30 years of service credit at any age; or
- 25 years of service credit at age 55; or
- 5 years of service credit at age 60
- 20 years of service at any age – early retirement

The assumed percent of employees reaching retirement are as follows:

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Retirement Rates

<u>Age</u>	<u>Male</u>	<u>Female</u>
38	5.00%	5.00%
39	6.00%	6.00%
40	4.00%	4.00%
45	3.00%	3.00%
50	3.00%	3.00%
55	10.30%	10.30%
60	27.70%	27.70%
65	33.00%	33.00%
70	38.30%	38.30%
71	38.50%	38.50%
72+	100.00%	100.00%

Actuarial Methods and Assumptions

The amount of the current employer portion of the healthcare premiums for retiree coverage has been used as the basis for calculating the actuarial present value of benefits to be paid; the Office of Group Benefits' "*Official Schedule of Rates*" effective July 1, 2007 has been used for this purpose. It has been assumed 90 % of employees who elect coverage while in active employment and who are eligible for retiree medical benefits will continue the same medical coverage in retirement. It is assumed that 40% of members electing coverage will also elect coverage for a spouse. Females are assumed to be three years younger than males.

Actuarial Cost Method

The actuarial cost method determines, in a systematic way, the incidence of plan sponsor contributions required to provide plan benefits. It also determines how actuarial gains and losses are recognized in OPEB costs. These gains and losses result from the difference between the actual experience under the plan and what was anticipated by the actuarial assumptions.

The cost of the Plan is derived by making certain specific assumptions as to rates of interest, mortality, turnover, etc. which are assumed to hold for many years into the future. Since actual experience may differ somewhat from the long term assumptions, the costs determined by the valuation must be regarded as estimates of the true costs of the Plan.

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Actuarial liabilities and comparative costs were computed using the unit credit actuarial cost method, which consists of the following cost components:

1. The normal cost is the actuarial present value of benefits allocated to the evaluation year.
2. The actuarial accrued liability is the actuarial present value of benefits accrued as of the valuation date.
3. Valuation assets are equal to the market value of assets as of the valuation date, if any.
4. Unfunded actuarial accrued liability is the difference between the actuarial accrued liability and the valuation assets. It is amortized over the maximum permissible period under GASB 45 of 30 years.

It should be noted that GASB 45 allows a variety of cost methods to be used. This method was selected because it is generally easy to understand and is widely used for the valuation of post employment benefits other than pensions.

Actuarial Value of Plan Assets

Actuarial value of assets is the value of cash, investments, and other property belonging to the plan, as used by the actuary for the purpose of an actuarial valuation. Since this is the first actuarial valuation, there are not any assets to be actuarially valued; however, it is anticipated that future valuations of actuarial assets will be based on Actuarial Standards Board Actuarial Standard of Practice Number 6, *Measuring Retiree Group Benefit Obligations*, which is applicable to post employment benefits plans and generally requires valuing dedicated plan assets using a method that takes into account market value.

Actuarial Methods and Assumptions

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. The actuarial valuation for post employment benefits includes estimates and assumptions regarding (1) turnover rate; (2) retirement rate; (3) healthcare cost trend rate; (4) mortality rate; (5) discount rate (investment return assumption); and (6) the period to which the costs apply (past, current, or future years of service by employees). Actuarially determined amounts are subject to continual revision as actuarial results are compared to past expectations and new estimates are made about the future.

The actuarial calculations are based on the types of benefits provided under the terms of the substantive plans (the plans as understood by the City of Monroe School Board Fund and

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June 30, 2014

its employee plan members) at the time of the valuation and on the pattern of sharing costs between the City of Monroe School Board and its plans members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effect of legal or contractual funding limitation on the pattern of cost sharing between the City of Monroe School Board and plan members in the future. Consistent with the long-term perspective of actuarial calculation, the actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

The following table shows the City of Monroe School Board's annual post employment benefits cost, percentage of that cost contributed and the net unfunded post employment benefits liability:

<u>Year Ended</u>	<u>Post Employment Benefits Cost</u>	<u>Annual Cost Contributed</u>	<u>Post Employment Benefits Liability</u>
6/30/12	\$11,862,582	31.1%	\$31,568,383
6/30/13	\$11,868,484	26.7%	\$40,269,998
6/30/14	\$11,672,113	31.5%	\$48,267,131

Funded Status and Funding Progress

In the 2008-09 fiscal year the City of Monroe School Board started recording post-employment benefits in its financial statements. The School Board has not made any contribution to a post employment benefits plan trust. Therefore, the plan has no assets, and hence has a funded ratio of zero. As of June 30, 2014, the actuarial accrued liability was \$105,716,600, which is defined as that portion, as determined by a particular actuarial cost method (the City of Monroe School Board used the Unit Credit Cost method), of an actuarial present value of a post employment plan benefits and expenses which is not provided by normal cost (i.e. the cost of the actuarial present value of post employment benefits for active employees from their hire date through June 30, 2014, and for retired employees from their hire date through their date of retirement).

Since the plan was not funded in 2014, the entire actuarial accrued liability of \$105,716,600 was unfunded. The annual payroll of active employees covered by the plan, or "covered payroll," amounted to \$40,785,028 in 2014; the ratio of the unfunded actuarial accrued liability to the covered payroll was approximately 259%. (Salaries are not used to determine either medical or life post employment benefits).

CITY OF MONROE SCHOOL BOARD
Monroe, LA

Notes To The Basic Financial Statements

June 30, 2014

Annual Post Employment Benefits Cost and Net Post Employment Benefits Liability

The table below shows the City of Monroe School Board's annual post employment benefits for the year ended June 30, 2014, and changes in the unfunded post employment benefits liability:

	<u>6/30/2014</u>	<u>6/30/2013</u>
Normal Cost	\$ 5,966,495	\$ 5,966,495
30-year actuarial accrued liability amortization of medical and life insurance	<u>6,614,403</u>	<u>6,614,403</u>
Annual required contribution (ARC)	12,580,898	12,580,898
Interest on prior year net post employment benefits liability	1,610,800	1,262,735
Adjustments to the annual required contribution	<u>(2,519,585)</u>	<u>(1,975,149)</u>
OPEB Cost - June 30	11,672,113	11,868,484
Current year retiree premium	<u>(3,674,980)</u>	<u>(3,166,869)</u>
Increase in Net OPEB Obligation	7,997,133	8,701,615
Beginning Net OPEB Obligation	<u>40,269,998</u>	<u>31,568,383</u>
Ending Net OPEB Obligation	<u>\$ 48,267,131</u>	<u>\$ 40,269,998</u>

Required Contribution Rates

As determined by the Office of Group Benefits and approved by the Louisiana Legislature, the employer paid 75% of the premium cost for post employment benefits for retired employees and their families, and the retirees paid 25% of the premium cost; monthly premium cost for retired employees ranged from approximately \$63 for a single retiree with Medicare in the HMO plan to approximately \$356 for a retiree and spouse without Medicare in the EPO plan. Employees do not contribute to their post employment benefits costs until they become retirees and begin receiving those benefits.

The City of Monroe School Board's annual medical and life post employment benefits cost (expense) is calculated based on the annual required contribution of the employer, and amount actuarially determined in accordance with the parameters of GASB Statement Number 45. The City of Monroe School Board's annual required contribution represents a

CITY OF MONROE SCHOOL BOARD
Monroe, LA

Notes To The Basic Financial Statements

June 30, 2014

level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize the unfunded actuarial liability (or funding excess) over a period of thirty (30) years for health and life insurance. The total annual required contribution for the year ended June 30, 2014, is \$12,580,898, none of which the School Board opted to fund in 2014. Since the plan was not funded in fiscal year 2014, the entire actuarial accrued liability of \$105,716,060 is unfunded.

Funding Policy

Currently, there are no requirements for employers to contribute to their post employment benefits plans. In 2008-09, the City of Monroe School Board started recognizing the cost of providing these benefits (the City of Monroe School Board's portion of premiums) as an expense when the benefits premiums were due and thus financed the cost of post employment benefits on a pay-as-you-go basis. The School Board implemented Governmental Accounting Standards Board Statement Number 45, Accounting and Financial Reporting by employers for Post employment Benefits Other than Pension (GASB Statement 45), prospectively in 2007-08 and at that time began to record its portion of premiums as an expense during the period of active service by the employee (normal cost). In 2014, the City of Monroe School Board's portion of health care and life insurance benefit premium for retired employees totaled \$3,674,980 as shown in above table. The School Board at this time does not plan to fund the post employment liability other than the monthly health and life insurance premiums as they become due.

Note 8 - Long-Term Obligations

The following is a summary of changes in Long-Term Obligations for the year ended June 30, 2014:

CITY OF MONROE SCHOOL BOARD
Monroe, LA

Notes To The Basic Financial Statements

June 30, 2014

	Balance June 30, 2013	Increases	Decreases	Balance June 30, 2014
General obligation bonds	\$ 7,355,000	\$ 20,000,000	\$ 4,965,000	\$ 22,390,000
Unamortized bond premium	362,525	157,913	110,230	410,208
Sales tax bonds	10,385,000		1,025,000	9,360,000
Revenue bonds	15,000,000	-	-	15,000,000
Certificates of indebtedness	2,379,125	-	175,825	2,203,300
Other post employment benefits	40,269,998	7,997,133	-	48,267,131
Capital Lease	-	-	-	-
Compensated absences, net	1,683,351	882,164	958,743	1,606,772
TOTAL	\$ 77,434,999	\$ 29,037,210	\$ 7,234,798	\$ 99,237,411

Long-term bonds and certificates of indebtedness outstanding at June 30, 2014 are comprised of the following:

CITY OF MONROE SCHOOL BOARD
Monroe, LA

Notes To The Basic Financial Statements

June 30, 2014

	<u>Issue</u>	<u>Date</u>	<u>Rate</u>	<u>Outstanding</u>
<u>General Obligation Bonds</u>				
Series 2014	2014	3/1/2024	2.00-4.00	20,000,000
<u>School Refunding Bonds,</u>				
Series 2003	2003	3/1/2015	2.50-5.00	\$ 2,390,000
Series 2010	2010	3/1/2014	2.00-3.00	-
<u>Sales Tax Bonds</u>				
<u>Sales Tax Refunding Bonds</u>				
Series 2010	2010	10/1/2022	2.00-4.00	6,650,000
Series 2011	2011	10/1/2022	2.00-3.00	2,710,000
<u>Certificates of Indebtedness</u>				
Series 2008	2008	7/1/2017	-	703,300
Series 2009	2009	7/1/2019	-	1,500,000
<u>Revenue Bonds</u>				
Revenue Bonds, Series 2009	2009	10/15/2024	0.50	10,000,000
Revenue Bonds, Series 2011	2011	3/15/2026	0.40	<u>5,000,000</u>
Total Bonds and Certificates of Indebtedness				<u>\$ 48,953,300</u>

Debt service requirements to maturity on all School Board bonds and certificates of indebtedness outstanding at June 30, 2014 are as follows:

**CITY OF MONROE SCHOOL BOARD
Monroe, LA**

Notes To The Basic Financial Statements

June 30, 2014

Year Ending June 30,	Principal	Interest	Total
2015	\$ 4,280,825	1,044,963	\$ 5,325,788
2016	1,940,825	957,763	2,898,588
2017	1,995,825	910,513	2,906,338
2018	2,070,825	855,888	2,926,713
2019	3,470,000	797,263	4,267,263
2020-2024	8,215,000	3,094,850	11,309,850
2025-2028	19,225,000	1,535,616	20,760,616
2029-2032	4,960,000	804,909	5,764,909
2033-2034	2,795,000	111,188	2,906,188
TOTAL	\$ 48,953,300	\$ 10,112,950	\$ 59,066,250

Note 9 - Lease Commitments and Rental Expense

Operating Leases

The School Board leases various items of equipment and facilities under lease agreements which are subject to annual re-appropriation clauses. Generally, as equipment leases expire, they are replaced with other leases. Rent expense for the year ending June 30, 2014 totaled \$212,388.

Note 10 - Interfund Receivables and Payables (FFS level only)

Individual balances due to/from other funds at June 30, 2014, are as follows:

CITY OF MONROE SCHOOL BOARD
Monroe, LA

Notes To The Basic Financial Statements

June 30, 2014

	Due From Other Funds	Due To Other Funds
Unreimbursed expenses:		
Major Funds:		
General Fund	\$ 5,913,388	\$ 1,024,633
Nonmajor Funds:		
1968 Sales Tax	-	438,580
Deficit Cash Balances:		
Major Funds:		
Title I	-	2,762,686
2001 Sales Tax	-	502,098
Nonmajor Funds:		
1994 Sales Tax	-	393,918
Special Education	-	272,835
Other Federal Programs	-	494,471
State Grants	-	24,167
Total Due To/From Other Funds	\$ 5,913,388	\$ 5,913,388

Note 11 - Interfund Transfers

Transfers to/from other funds for the year ended June 30, 2014 were as follows:

	Transfers In	Transfers Out
Major Funds:		
General Fund	\$ 1,308,554	\$ 1,213,623
Special Revenue:		
2001 Sales Tax	2,082,697	1,532,120
Title I	-	542,996
Nonmajor Funds:		
Special Revenue:		
School Food Service	57,703	-
Special Education	-	170,826
1994 Sales Tax	48,000	48,000
Other Federal Programs	80,625	208,251
State Grants	13,421	176
Debt Service:		
2001-2002 Sales Tax Bond Sinking	1,474,416	-
Capital Projects:		
QZAB 2009	150,000	-
QSCB Series 2011	-	1,499,424
Total	\$ 5,215,416	\$ 5,215,416

CITY OF MONROE SCHOOL BOARD
Monroe, LA

Notes To The Basic Financial Statements

June 30, 2014

Note 12 - Risk Financing Activities

The School Board manages its exposure under general liability, fleet, and errors and omissions through the purchase of commercial insurance. Qualifying employees and retirees may participate in the state group medical and life insurance plan. Risk of loss under workers' compensation statutes is self-insured by the School Board for up to \$200,000 per occurrence, with reinsurance coverage in force for losses in excess of that amount. The self-insured plan is administered by a third party, with the claims under the self-insured amount paid by the General Fund; certain Special Revenue funds reimburse the General Fund for payment of their claims. Consistent with the provisions of GASB Statement No. 10 *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, the School Board uses the General Fund to account for its risk financing activities. During the year ended June 30, 2013, the School Board incurred and paid claims under the worker's compensation plan of approximately \$580,887 net of reimbursements.

Note 13 - Litigation and Contingencies

The School Board is a defendant in several lawsuits. Management and legal counsel for the School Board believe that the potential claims against the School Board, not covered by insurance, would not adversely affect the School Board's financial position.

The School Board is defendant in a lawsuit with 14 certified teachers as plaintiffs alleging that as certified teachers, they are exclusively entitled to receive, as extra compensation, certain portions or percentages of funds that are derived from 2 local sales tax levies. Class action certification is sought, permitting the plaintiffs to represent every certified teacher presently employed and previously employed dating back to 1968, along with the estates of any now deceased certified teachers employed since 1968. The School Board's liability exposure, in the opinion of counsel, is questionable and indeterminate at this time.

Note 14 - Subsequent Events

The School Board has evaluated subsequent events through January 23, 2015, the date which the financial statements were available for issue and noted no events occurring subsequent to the reporting period requiring disclosure.

**REQUIRED SUPPLEMENTAL INFORMATION
(PART B)**

CITY OF MONROE SCHOOL BOARD
Monroe, Louisiana

General Fund
Budgetary Comparison Schedule (GAAP Basis)

For the Year Ended June 30, 2014
(Unaudited)

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance With Final Budget Over (Under)
	Original Budget	Final Budget		
Budgetary fund balance at beginning of year	\$ 14,788,134	\$ 15,137,950	\$ 15,137,950	\$ -
Resources (inflows)				
Local sources				
Ad valorem taxes				
Constitutional tax	2,468,000	2,485,000	2,499,392	14,392
Renewable tax	7,165,000	7,210,000	7,261,723	51,723
Other than school taxes	332,627	332,627	358,636	26,009
Earnings on investments	44,000	44,000	29,679	(14,321)
Other local revenue	314,352	506,618	893,834	387,216
Total local sources	<u>10,323,979</u>	<u>10,578,245</u>	<u>11,043,264</u>	<u>465,019</u>
State and federal sources				
State equalization	45,417,641	43,914,774	43,914,774	-
State revenue sharing	293,555	293,555	288,869	(4,686)
Other unrestricted revenue	-	498,580	498,580	-
Other restricted revenue	129,986	622,623	597,109	(25,514)
Federal restricted grants-in-aid	359,881	104,881	84,924	(19,957)
Total state and federal sources	<u>46,201,063</u>	<u>45,434,413</u>	<u>45,384,256</u>	<u>(50,157)</u>
Other sources				
Proceeds from sale of assets	30,000	30,000	22,016	(7,984)
Insurance proceeds	20,063	20,063	-	(20,063)
Transfers in	1,150,054	1,536,300	1,308,554	(227,746)
Total other sources	<u>1,200,117</u>	<u>1,586,363</u>	<u>1,330,570</u>	<u>(255,793)</u>
Total resources	<u>57,725,159</u>	<u>57,599,021</u>	<u>57,758,090</u>	<u>159,069</u>
Amounts available for appropriations	<u>72,513,293</u>	<u>72,736,971</u>	<u>72,896,040</u>	<u>159,069</u>
Charges to appropriations (outflows)				
Current				
Instructional services				
Regular programs	21,585,587	22,485,315	22,284,494	(200,821)
Special education programs	9,090,588	9,247,994	9,152,509	(95,485)
Vocational programs	1,295,361	1,239,760	1,133,347	(106,413)
Other instructional programs	3,621,156	3,702,533	3,593,554	(108,979)
Special programs	550,100	457,294	459,669	2,375
Adult/Continuing education programs	136,367	71,664	72,810	1,146
Support Services				
Pupil support services	3,347,404	3,003,721	2,932,246	(71,475)
Instructional staff support	1,773,437	1,722,268	1,764,918	42,650
General administration	1,752,096	1,650,556	1,513,458	(137,098)
School administration	3,288,292	3,198,827	3,120,795	(78,032)
Business services	1,037,250	966,809	929,797	(37,012)
Plant services	5,688,592	3,443,107	3,392,547	(50,560)
Student transportation services	2,866,331	2,964,132	2,854,853	(109,279)
Central services	1,240,547	1,063,113	1,003,438	(59,675)
Other support services	300	-	-	-
Non-instructional services				
Food service operations	178,125	270,878	263,090	(7,788)
Capital outlay	103,500	1,340,900	945,917	(394,983)
Debt service	177,825	1,157,400	248,833	(908,567)
Other uses				
Transfers out	80,000	250,000	1,213,623	963,623
Total charges to appropriations	<u>57,812,858</u>	<u>58,236,271</u>	<u>56,879,898</u>	<u>1,356,373</u>
Budgetary fund balance at end of year	<u>\$ 14,700,435</u>	<u>\$ 14,500,700</u>	<u>\$ 16,016,142</u>	<u>\$ 1,515,442</u>

See accompanying notes to budgetary comparison schedules

CITY OF MONROE SCHOOL BOARD
Monroe, Louisiana

Title I
Budgetary Comparison Schedule (GAAP Basis)

For the Year Ended June 30, 2014
(Unaudited)

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance With Final Budget Over (Under)</u>
	<u>Original Budget</u>	<u>Final Budget</u>		
Budgetary fund balance at beginning of year	\$ -	\$ -	\$ -	\$ -
Resources (inflows)				
Federal sources				
Federal restricted grants-in-aid	6,156,588	7,598,549	6,187,180	(1,411,369)
Total federal sources	6,156,588	7,598,549	6,187,180	(1,411,369)
Total resources	6,156,588	7,598,549	6,187,180	(1,411,369)
Amounts available for appropriations	6,156,588	7,598,549	6,187,180	(1,411,369)
Charges to appropriations (outflows)				
Current				
Instructional services				
Regular programs	8,491	8,491	56	8,435
Other instructional programs	548,737	715,867	473,455	242,412
Special programs	3,272,987	4,113,329	3,535,436	577,893
Support services				
Pupil support services	441,410	448,732	404,462	44,270
Instructional staff support	1,212,728	1,541,473	1,175,252	366,221
Business services	24,091	23,666	11,194	12,472
Plant services	12,505	19,490	13,051	6,439
Student transportation services	55,711	44,028	31,278	12,750
Other uses				
Transfers out	545,388	672,374	542,996	129,378
Total charges to appropriations	6,122,048	7,587,450	6,187,180	1,400,270
Budgetary fund balance at end of year	\$ 34,540	\$ 11,099	\$ -	\$ (11,099)

See accompanying notes to budgetary comparison schedules

CITY OF MONROE SCHOOL BOARD
Monroe, Louisiana

2001 Sales Tax
Budgetary Comparison Schedule (GAAP Basis)

For the Year Ended June 30, 2014
(Unaudited)

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance With Final Budget Over (Under)
	Original Budget	Final Budget		
Budgetary fund balance at beginning of year	\$ 2,587,895	\$ 4,535,599	\$ 4,535,599	\$ -
Resources (inflows)				
Local sources				
Sales and use taxes	14,708,000	15,235,000	15,384,810	149,810
Interest on investments	2,638	2,638	81,755	79,117
State sources				
Other restricted revenues	138,128	138,128	90,607	(47,521)
Transfers in	-	1,113,120	2,082,697	969,577
Total resources	<u>14,848,766</u>	<u>16,488,886</u>	<u>17,639,869</u>	<u>1,150,983</u>
Amounts available for appropriations	<u>17,436,661</u>	<u>21,024,485</u>	<u>22,175,468</u>	<u>1,150,983</u>
Charges to appropriations (outflows)				
Current				
Instructional services				
Regular programs	3,934,605	3,926,865	3,069,996	856,869
Special education programs	1,369,952	1,378,635	1,383,177	(4,542)
Vocational programs	129,661	131,920	132,265	(345)
Other instructional programs	621,606	1,096,391	844,658	251,733
Special programs	21,875	74,712	96,316	(21,604)
Adult education services	13,362	8,475	8,824	(349)
Support services				
Pupil support services	396,012	575,393	525,094	50,299
Instructional staff support	183,532	203,648	198,349	5,299
General administration	402,064	630,432	645,704	(15,272)
School administration	380,255	399,099	383,727	15,372
Business services	184,109	181,449	179,039	2,410
Plant services	2,060,710	4,106,963	3,635,891	471,072
Student transportation services	371,378	386,695	386,193	502
Central services	2,019,364	1,644,245	1,314,824	329,421
Other support services	6,675	6,675	-	6,675
Non-Instructional services				
Food service operations	388,335	413,410	464,421	(51,011)
Capital outlay	2,009,478	1,138,341	1,068,835	69,506
Debt services	1,082,499	72,500	-	72,500
Facility acquisition and construction	43,655	-	-	-
Other uses				
Transfers out	1,665,095	1,665,095	1,532,120	132,975
Total charges to appropriations	<u>17,284,222</u>	<u>18,040,943</u>	<u>15,869,433</u>	<u>2,171,510</u>
Budgetary fund balance at end of year	<u>\$ 152,439</u>	<u>\$ 2,983,542</u>	<u>\$ 6,306,035</u>	<u>\$ 3,322,493</u>

See accompanying notes to budgetary comparison schedules

**City of Monroe School Board
Monroe, Louisiana**

**Notes to Budgetary Comparison Schedules
Fiscal year Ended June 30, 2014
(Unaudited)**

Budget and Budgetary Accounting

The School Board utilized the following procedures in establishing the budgetary data reflected in the financial statements:

In September, the Superintendent submits to the School Board proposed annual appropriated budgets for the General Fund and the Special Revenue Funds for the fiscal year commencing the prior July 1. A public hearing is conducted to obtain taxpayer comments. Prior to September 15, the School Board legally enacts the budget through adoption. The only legal requirement is that the School Board adopts a balanced budget; that is, total budgeted revenues and other financing sources (including fund balance) must equal or exceed total budgeted expenditures and other financing uses. The budget is revised periodically throughout the year, when deemed appropriate, but a balanced budget is always approved.

All budgets have annual appropriated budgets adopted on a basis consistent with GAAP. Except for grant-oriented funds, unencumbered appropriations lapse at the end of the fiscal year. Encumbered appropriations are utilized when goods or services are received. Grant-oriented fund budgets are adopted at the time the grant applications are approved by the grantor. Separate annual budgets are adopted for unencumbered appropriations of grant-oriented Special Revenue Funds at the beginning of the following fiscal year.

Formal budgetary integration is employed as a management control device during the year for the General Fund and Special Revenue Funds. All budgets are operational at the departmental or project level. The Superintendent of the School Board is authorized to transfer budget amounts between line item activity and between any functions of an individual fund; however, any supplemental appropriations that amend the total expenditures of any fund require School Board approval.

CITY OF MONROE SCHOOL BOARD

**OTHER POST EMPLOYMENT BENEFITS
SCHEDULE OF FUNDING PROGRESS
(Unaudited)**

<u>Fiscal Year Ending</u>	<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) Entry Age (b)</u>	<u>Unfunded AAL (UAAL) (b-a)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as of Percentage of Covered Payroll ((b-a)/c)</u>
6/30/2014	7/1/2013	\$ -	\$ 105,716,600	\$ 105,716,600	0.0%	\$ 40,785,028	259.2%
6/30/2013	7/1/2013	\$ -	\$ 105,716,600	\$ 105,716,600	0.0%	\$ 41,445,195	255.1%
06/30/12	07/01/12	\$ -	\$ 105,817,901	\$ 105,817,901	0.0%	\$ 41,010,519	258.0%

**SCHEDULE OF EMPLOYER CONTRIBUTIONS
(Unaudited)**

<u>Fiscal Year Ending</u>	<u>Annual OPEB Cost</u>	<u>Amount Contributed</u>	<u>Percentage of Annual OPEB Costs Contributed</u>	<u>Net OPEB Obligation</u>
6/30/2014	11,672,113	\$ 3,674,980	31.5%	\$ 48,267,131
6/30/2013	11,868,484	\$ 3,166,869	26.7%	\$ 40,269,998
06/30/12	\$ 11,862,582	\$ 3,686,163	31.1%	\$ 31,568,383

SUPPLEMENTAL INFORMATION

NONMAJOR FUNDS

CITY OF MONROE SCHOOL BOARD
Monroe, Louisiana
Nonmajor Funds

As of and for the Year Ended June 30, 2013

Special Revenue Funds

Special Revenue Funds account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes. These funds are primarily established for specific educational purposes and funded through the United States Department of Education or the Louisiana Department of Education.

- A. The Special Education funds is a Federal program that provides free appropriate education for all identified handicapped children from 3 to 21 years of age in the least restrictive environment.
- B. School Food Service accounts for the revenues and expenditures incurred, in providing to pupils, breakfast and lunch services during the school year and in the Summer Feeding program.
- C. 1968 Sales Tax Fund accounts for the collection and distribution of a one-half percent sales tax to provide for supplemental salaries to School Board personnel. Certified personnel receive 88% of the collections with classified personnel receiving 12%.
- D. 1994 Sales Tax Fund accounts for the collection and distribution of a one-half percent sales tax levied to provide additional support to the school system to including funding of employee salaries and instructional purposes.
- E. The Other Federal Programs funds account for all other federal programs that were not specifically discussed above.
- F. The State Grants funds account for various programs funded by the Louisiana Department of Education.
- G. The Local Grants funds account for one grant from a private entity.

Debt Service Funds:

Debt Service Funds account for the accumulation of resources for the payment of general long-term principal, interest and related costs.

The Bond Redemption Fund accounts for the 2014 General Obligation Bonds and the 2003 and 2010 Refunding Bonds.

CITY OF MONROE SCHOOL BOARD
Monroe, Louisiana

Nonmajor Funds

As of and for the Year Ended June 30, 2013

The 2001-2002 Sales Tax Bond Sinking Fund accounts for the 2010 and 2011 Series Sales Tax Refunding Bonds.

The QZAB 2012 Sinking Fund accounts for the 2011 Qualified Zone Academy Bonds.

Capital Projects Funds:

Capital Projects Funds account for the financial resources received and used for the acquisition, construction or improvements of capital facilities not reported in other governmental funds.

The QZAB Series 2009 (Qualified Zone Academy Bond) Fund accounts for proceeds from the issuance of \$1,582,450 of QZAB Series 2008 Certificates of Indebtedness for the purpose of rehabilitating or repairing schools and related facilities, purchasing equipment and developing course materials for education.

The QZAB Series 2009 (Qualified Zone Academy Bond) Fund accounts for proceeds from the issuance of \$1,500,000 of QZAB Series 2009 Certificates of Indebtedness for the purpose of rehabilitating or repairing schools and related facilities, purchasing equipment, teacher training and developing course materials for education.

The Capital Projects Fund accounts for resources accumulated and expended for improvements, acquisitions and construction of School Board Facilities.

The QSCB (Qualified School Construction Bonds) Fund accounts for proceeds from the issuance of \$10,000,000 of QSCB Series 2009 Revenue Bonds for the purpose of construction, rehabilitation or repair of public school facilities and equipping of school facilities.

The QSCB Series 2011 (Qualified School Construction Bonds) Fund accounts for proceeds from the issuance of \$5,000,000 of QSCB Series 2011 Revenue Bonds for the purpose of construction, rehabilitation or repair of public school facilities and equipping of school facilities.

**City of Monroe School Board
Monroe, Louisiana**

**NONMAJOR GOVERNMENTAL FUNDS
Combining Balance Sheet**

June 30, 2014

	Special Revenue	Debt Service	Capital Projects	Total
Assets				
Cash and cash equivalents	\$ 1,144,211	\$ 4,163,988	\$ 633,792	\$ 5,941,991
Accounts receivable	3,460,942	12,952	-	3,473,894
Inventory	130,731	-	-	130,731
Other assets	10,830	-	-	10,830
Total assets	\$ 4,746,714	\$ 4,176,940	\$ 633,792	\$ 9,557,446
 Liabilities and Fund Equity				
Liabilities				
Accounts payable	\$ 63,601	\$ -	\$ 492,942	\$ 556,543
Salaries and wages payable	1,460,876	-	-	1,460,876
Due to other funds	1,800,487	-	-	1,800,487
Other liabilities	11,112	-	-	11,112
Total liabilities	3,336,076	-	492,942	3,829,018
 Fund Equity				
Nonspendable				
Inventory and prepaids	130,731	-	-	130,731
Restricted for				
Salaries and related benefits	590,617	-	-	590,617
Instructional costs	263,583	-	-	263,583
Food services	425,707	-	-	425,707
Debt service	-	4,176,940	-	4,176,940
Capital projects	-	-	140,850	140,850
Total fund balances	1,410,638	4,176,940	140,850	5,728,428
Total liabilities and fund equity	\$ 4,746,714	\$ 4,176,940	\$ 633,792	\$ 9,557,446

City of Monroe School Board
Monroe, Louisiana

NONMAJOR GOVERNMENTAL FUNDS
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances

For the Year Ended June 30, 2014

	Special Revenue	Debt Service	Capital Projects	Total
Revenues				
Local Sources				
Ad valorem tax	\$ -	\$ 4,819,795	\$ -	\$ 4,819,795
Sales tax collections	12,126,666	-	-	12,126,666
Interest	5,601	8,623	19,794	34,018
School food service payment for meals	142,702	-	-	142,702
Other local revenue	51,443	-	-	51,443
State Sources				
Restricted grants-in-aid	547,452	-	-	547,452
Grants - unrestricted	229,164	-	-	229,164
Federal Sources				
Restricted grants-in-aid	10,329,484	-	-	10,329,484
Total revenues	<u>23,432,512</u>	<u>4,828,418</u>	<u>19,794</u>	<u>28,280,724</u>
Expenditures				
Current				
Instructional				
Regular programs	5,104,501	-	-	5,104,501
Special education programs	2,588,098	-	-	2,588,098
Vocational programs	333,500	-	-	333,500
Other instructional programs	1,830,216	-	-	1,830,216
Special programs	2,452,272	-	-	2,452,272
Adult/Continuing education programs	135,614	-	-	135,614
Support Services				
Pupil support services	1,314,267	-	-	1,314,267
Instructional staff	1,738,095	-	-	1,738,095
General administration	82,393	142,467	-	224,860
School administration	861,293	-	-	861,293
Business services	165,988	-	517	166,505
Plant services	368,221	-	985,230	1,353,451
Student transportation services	277,007	-	-	277,007
Central services	332,701	-	-	332,701
Other support services	66,209	-	-	66,209
Noninstructional				
Food service operations	5,197,851	-	-	5,197,851
Debt service				
Principal	-	5,990,000	-	5,990,000
Interest	-	570,554	-	570,554
Capital outlay	141,773	-	2,287,806	2,429,579
Total expenditures	<u>22,989,999</u>	<u>6,703,021</u>	<u>3,273,553</u>	<u>32,966,573</u>
Excess (Deficiency) of Revenues Over Expenditures	442,513	(1,874,603)	(3,253,759)	(4,685,849)
Other Financing Sources (Uses)				
Transfers in	199,748	1,624,417	-	1,824,165
Bond premium	-	157,913	-	157,913
Transfers out	(427,253)	-	(1,499,424)	(1,926,677)
Total other financing sources (Uses)	<u>(227,505)</u>	<u>1,782,330</u>	<u>(1,499,424)</u>	<u>55,401</u>
Net Change in Fund Balances	215,008	(92,273)	(4,753,183)	(4,630,448)
Fund Balances at Beginning of Year	<u>1,195,631</u>	<u>4,269,213</u>	<u>4,894,033</u>	<u>10,358,877</u>
Fund Balances at End of Year	<u>\$ 1,410,639</u>	<u>\$ 4,176,940</u>	<u>\$ 140,850</u>	<u>\$ 5,728,428</u>

**City of Monroe School Board
Monroe, Louisiana**

**NONMAJOR SPECIAL REVENUE FUNDS
Combining Balance Sheet**

June 30, 2014

	Special Revenue Funds							Total
	Special Education	School Food Service	1968 Sales Tax	1994 Sales Tax	Other Federal Programs	State Grants	Local Grants	
Assets								
Cash and cash equivalents	\$ 3,685	\$ 621,853	\$ 42,645	\$ 424,391	\$ 7,578	\$ 44,059	\$ -	\$ 1,144,211
Accounts receivable	381,654	60,997	747,035	1,277,505	956,361	37,390	-	3,460,942
Inventory	-	130,731	-	-	-	-	-	130,731
Other assets	2,698	-	-	2,049	6,083	-	-	10,830
Total assets	\$ 388,037	\$ 813,581	\$ 789,680	\$ 1,703,945	\$ 970,022	\$ 81,449	\$ -	\$ 4,746,714
Liabilities and Fund Equity								
Liabilities								
Accounts payable	\$ 3,685	\$ 22,359	\$ -	\$ 8,162	\$ 29,395	\$ -	\$ -	\$ 63,601
Salaries and wages payable	100,405	234,784	295,910	536,970	251,307	41,500	-	1,460,876
Due to other funds	272,835	-	438,580	393,918	687,411	7,743	-	1,800,487
Other liabilities	11,112	-	-	-	-	-	-	11,112
Total liabilities	388,037	257,143	734,490	939,050	968,113	49,243	-	3,336,076
Fund Equity								
Fund balances								
Nonspendable								
Inventory and prepaids	-	130,731	-	-	-	-	-	130,731
Restricted for								
Salaries and related benefits	-	-	55,190	535,427	-	-	-	590,617
Instructional costs	-	-	-	229,468	1,909	32,206	-	263,583
Food services	-	425,707	-	-	-	-	-	425,707
Total fund balances	-	556,438	55,190	764,895	1,909	32,206	-	1,410,638
Total liabilities and fund equity	\$ 388,037	\$ 813,581	\$ 789,680	\$ 1,703,945	\$ 970,022	\$ 81,449	\$ -	\$ 4,746,714

City of Monroe School Board
Monroe, Louisiana

NONMAJOR SPECIAL REVENUE FUNDS
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances

For the Year Ended June 30, 2014

	Special Revenue Funds							Total
	Special Education	School Food Service	1968 Sales Tax	1994 Sales Tax	Other Federal Programs	State Grants	Local Grants	
Revenues								
Local Sources								
Sales tax collections	\$ -	\$ -	\$ 4,434,261	\$ 7,692,405	\$ -	\$ -	\$ -	\$ 12,126,666
Interest	-	-	1,646	3,955	-	-	-	5,601
School food service payment for meals	-	142,702	-	-	-	-	-	142,702
Other local revenue	-	-	-	-	-	-	51,443	51,443
State Sources								
Restricted grants-in-aid	48,108	-	-	-	239,602	259,742	-	547,452
State - other revenues	-	150,000	-	-	-	79,164	-	229,164
Federal Sources								
Restricted grants-in-aid	2,002,533	4,615,094	-	-	3,711,857	-	-	10,329,484
Total revenues	2,050,641	4,907,796	4,435,907	7,696,360	3,951,459	338,906	51,443	23,432,512
Expenditures								
Current								
Instructional								
Regular programs	-	-	2,025,044	2,969,048	-	58,966	51,443	5,104,501
Special education programs	540,605	-	888,304	1,124,246	34,883	60	-	2,588,098
Vocational programs	1,050	-	108,077	131,456	92,807	110	-	333,500
Other instructional programs	34,346	-	323,819	776,731	662,957	32,363	-	1,830,216
Special programs	-	-	7,325	11,085	2,300,737	133,125	-	2,452,272
Adult/Continuing education programs	53,330	-	6,076	7,578	68,630	-	-	135,614
Support Services								
Pupil support services	516,132	-	282,270	496,623	-	19,242	-	1,314,267
Instructional staff	639,956	-	129,217	253,958	574,105	140,859	-	1,738,095
General administration	-	-	28,467	53,926	-	-	-	82,393
School administration	-	-	224,057	637,236	-	-	-	861,293
Business services	5,811	-	12,032	148,145	-	-	-	165,988
Plant services	-	-	122,988	245,233	-	-	-	368,221
Student transportation services	22,376	-	97,155	125,200	32,276	-	-	277,007
Central services	-	-	31,726	228,445	72,530	-	-	332,701
Other Support services	66,209	-	-	-	-	-	-	66,209
Noninstructional								
Food service operations	-	4,972,457	108,289	117,105	-	-	-	5,197,851
Capital outlay	-	-	-	141,773	-	-	-	141,773
Total expenditures	1,879,815	4,972,457	4,394,846	7,467,788	3,838,925	384,725	51,443	22,989,999
Excess (Deficiency) of Revenues Over Expenditures	170,826	(64,661)	41,061	228,572	112,534	(45,819)	-	442,513
Other Financing Sources (Uses)								
Transfers in	-	57,702	-	48,000	80,625	13,421	-	199,748
Transfers out	(170,826)	-	-	(48,000)	(208,251)	(176)	-	(427,253)
Total other financing sources (Uses)	(170,826)	57,702	-	-	(127,626)	13,244	-	(227,505)
Net Change in Fund Balances	-	(6,959)	41,061	228,572	(15,092)	(32,575)	-	215,008
Fund Balances at Beginning of Year	-	563,397	14,129	536,323	17,001	64,781	-	1,195,631
Fund Balances at End of Year	\$ -	\$ 556,438	\$ 55,190	\$ 764,895	\$ 1,909	\$ 32,206	\$ -	\$ 1,410,639

DEBT SERVICE FUNDS

**City of Monroe School Board
Monroe, Louisiana**

**NONMAJOR DEBT SERVICE FUND
Combining Balance Sheet**

June 30, 2014

	<u>Bond Redemption</u>	<u>2001-2002 Sales Tax Bond Sinking</u>	<u>QZAB 2012 Sinking</u>	<u>Total</u>
Assets				
Cash and cash equivalents	\$ 1,021,724	\$ 2,541,466	\$ 600,798	\$ 4,163,988
Receivables	<u>12,952</u>	<u>-</u>	<u>-</u>	<u>12,952</u>
Total assets	<u>\$ 1,034,676</u>	<u>\$ 2,541,466</u>	<u>\$ 600,798</u>	<u>\$ 4,176,940</u>
Liabilities and Fund Equity				
Liabilities	\$ -	\$ -	\$ -	\$ -
Fund Equity				
Fund balance - restricted for debt service	<u>1,034,676</u>	<u>2,541,466</u>	<u>600,798</u>	<u>4,176,940</u>
Total liabilities and fund equity	<u>\$ 1,034,676</u>	<u>\$ 2,541,466</u>	<u>\$ 600,798</u>	<u>\$ 4,176,940</u>

**City of Monroe School Board
Monroe, Louisiana**

**NONMAJOR DEBT SERVICE FUNDS
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances**

For the Year Ended June 30, 2014

	Bond Redemption Debt Service	2001-2002 Sales Tax Bond Sinking	QZAB 2012 Sinking	Total
Revenues				
Local Sources				
Ad valorem tax	\$ 4,819,795	\$ -	\$ -	\$ 4,819,795
Interest	2,103	6,236	284	8,623
Total revenues	4,821,898	6,236	284	4,828,418
Expenditures				
General Administration	142,467	-	-	142,467
Debt Service				
Principal	4,965,000	1,025,000	-	5,990,000
Interest	268,153	302,401	-	570,554
Total expenditures	5,375,620	1,327,401	-	6,703,021
Excess (deficiency) of revenues over expenditures	(553,722)	(1,321,165)	284	(1,874,603)
Other financing sources / uses				
Bond premium	157,913	-	-	157,913
Transfers in	-	1,474,417	150,000	1,624,417
Total other financing sources	157,913	1,474,417	150,000	1,782,330
Net change in fund balances	(395,809)	153,252	150,284	(92,273)
Fund balances at beginning of year	1,430,485	2,388,214	450,514	4,269,213
Fund balances at end of year	\$ 1,034,676	\$ 2,541,466	\$ 600,798	\$ 4,176,940

CAPITAL PROJECTS FUNDS

**City of Monroe School Board
Monroe, Louisiana**

**NONMAJOR CAPITAL PROJECTS FUND
Combining Balance Sheet**

June 30, 2014

	QZAB Series 2009	Capital Projects	QSCB Series 2011	Total
Assets				
Cash and cash equivalents	\$ 8	\$ 43,595	\$ 590,189	\$ 633,792
Total assets	<u>\$ 8</u>	<u>\$ 43,595</u>	<u>\$ 590,189</u>	<u>\$ 633,792</u>
Liabilities and Fund Equity				
Liabilities				
Accounts payable	\$ -	\$ -	\$ 492,942	\$ 492,942
Fund Equity				
Fund balance - restricted for capital projects	<u>8</u>	<u>43,595</u>	<u>97,247</u>	<u>140,850</u>
Total liabilities and fund equity	<u>\$ 8</u>	<u>\$ 43,595</u>	<u>\$ 590,189</u>	<u>\$ 633,792</u>

City of Monroe School Board
Monroe, Louisiana

NONMAJOR CAPITAL PROJECTS FUND
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances

For the Year Ended June 30, 2014

	<u>QZAB</u>	<u>Capital</u>	<u>QSCB</u>	<u>Total</u>
	<u>Series</u>	<u>Projects</u>	<u>Series</u>	
	<u>2009</u>		<u>2011</u>	
Revenues				
Local sources				
Interest	\$ -	\$ 25	\$ 19,769	\$ 19,794
Total revenues	<u>-</u>	<u>25</u>	<u>19,769</u>	<u>19,794</u>
Expenditures				
Current				
Business services	-	-	517	517
Plant services	-	2,672	982,558	985,230
Facility acquisition & construction	-	40	2,287,766	2,287,806
Total expenditures	<u>-</u>	<u>2,712</u>	<u>3,270,841</u>	<u>3,273,553</u>
Excess (deficiency) of revenues over expenditures	-	(2,687)	(3,251,072)	(3,253,759)
Other Financing Sources (Uses)				
Transfers in	-	-	-	-
Transfers out	-	-	(1,499,424)	(1,499,424)
Total other financing sources (Uses)	<u>-</u>	<u>-</u>	<u>(1,499,424)</u>	<u>(1,499,424)</u>
Net change in fund balances	-	(2,687)	(4,750,496)	(4,753,183)
Fund balances at beginning of year	<u>8</u>	<u>46,282</u>	<u>4,847,743</u>	<u>4,894,033</u>
Fund balances at end of year	<u>\$ 8</u>	<u>\$ 43,595</u>	<u>\$ 97,247</u>	<u>\$ 140,850</u>

OTHER SUPPLEMENTARY DATA

This section contains information that is presented as additional analytical data.

**CITY OF MONROE SCHOOL BOARD
MONROE, LOUISIANA
SCHEDULE OF COMPENSATION PAID BOARD MEMBERS
FOR THE YEAR ENDED JUNE 30, 2014**

	<u>District</u>	<u>Compensation</u>
Victoria Dayton	1	\$ 9,600
Vickie Krutzer	2	9,600
Mickey Traweek	3	9,600
Clarence Sharp	4	10,200
Rodney McFarland	5	9,600
Verbon Muhammad, Sr.	6	10,200
Glenn Ludley	7	<u>9,600</u>
		<u>\$ 68,400</u>

SUPPLEMENTARY INFORMATION –GRANT ACTIVITY

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

**City of Monroe School Board
Monroe, Louisiana**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Monroe School Board (the School Board), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the School Board's basic financial statements and have issued our report thereon dated January 23, 2015. Our report includes a reference to other auditors who audited the financial statements of the discretely presented component unit, (Excellence Academy), as described in our report of the City on Monroe School Board's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the School Board's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School Board's internal control. Accordingly, we do not express an opinion on the effectiveness of the School Board's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies listed in the accompanying schedule of findings and questioned costs as items 2014-01, 2014-02, and 2014-03 to be material weaknesses.

City of Monroe School Board
Monroe, Louisiana

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School Board's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 2014-04.

We noted certain other matters that we reported to management of the City of Monroe School Board in a separate letter dated January 23, 2015.

The School Board's Response to Findings

The School Board's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The School Board's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



(A Professional Accounting Corporation)
January 23, 2015

HUFFMAN & SOIGNIER

(A PROFESSIONAL ACCOUNTING CORPORATION)
CERTIFIED PUBLIC ACCOUNTANTS

Francis I. Huffman, CPA
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Lori Woodard, MBA, CPA, CGMA, CITP
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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

**City of Monroe School Board
Monroe, Louisiana**

Report on Compliance for Each Major Federal Program

We have audited City of Monroe School Board's (the School Board) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the School Board's major federal programs for the year ended June 30, 2014. The School Board's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the School Board's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the School Board's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the School Board's compliance.

Opinion on Each Major Federal Program

In our opinion, the School Board complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

**City of Monroe School Board
Monroe, Louisiana**

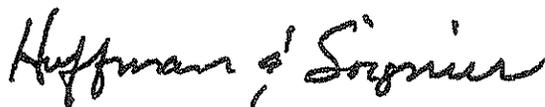
Report on Internal Control over Compliance

Management of the School Board is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the School Board's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School Board's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



**(A Professional Accounting Corporation)
January 23, 2015**

CITY OF MONROE SCHOOL BOARD
Monroe, Louisiana

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2014

Federal Grantor/ Pass-Through Grantor/ Program Title	C.F.D.A. Number	Pass Through Grant Number	Expenditures / Issues
DIRECT PROGRAMS:			
U.S. DEPARTMENT OF DEFENSE			
R.O.T.C.	N/A	N/A	\$ 175,981
Total U.S. Department of Defense			<u>175,981</u>
U.S. DEPARTMENT OF EDUCATION			
Impact Aid	84.041	N/A	81,104
Total U.S. Department of Education			<u>81,104</u>
Total Direct Programs			<u>257,085</u>
PASS THROUGH PROGRAMS:			
U. S. DEPARTMENT OF EDUCATION			
Passed through Louisiana Department of Education			
LA Advanced Placement Test Fee Program	84.330B	28-14-26-65	3,820
Striving Readers Comprehensive Literacy Program	84.371C	28-12-SN-65	352,828
Striving Readers Comprehensive Literacy Program YR 2	84.371C	28-12-SO-65	756,489
Striving Readers Comprehensive Literacy Program YR 3	84.371C	28-14-SO-65	458,401
Total Striving Readers Comprehensive Literacy Program			<u>1,567,718</u>
TITLE I CLUSTER			
Title I Grants to Local Educational Agencies			
Part A - Basic			
Regular Program	84.010A	28-14-T1-65	6,153,174
School Improvement	84.010A	28-12-TA-65	34,007
Total Title I Cluster			<u>6,187,181</u>
SPECIAL EDUCATION CLUSTER			
Special Education-Individuals With Disabilities Education Act IDEA B			
IDEA B	84.027A	28-14-B1-65	1,897,953
Preschool	84.173A	28-14-P1-65	47,961
SIM in Support of Literacy	84.027A	28-12-SM-65	44
High Risk Pool	84.027A	28-14-RH-65	34,883
JAG AIM High! Middle School Pilot Project	84.027A	28-14-JP-65	56,575
Total Special Education Cluster			<u>2,037,416</u>
Title II - Part A, Teacher and Principal Training and Recruiting			
Regular	84.367A	28-14-50-65	808,119
Total Title II			<u>808,119</u>
21st Century Community Learning Cohort 8	84.287C	28-14-C8-65	639,555
Total 21st Century			<u>639,555</u>
Career and Technical Education-Basic Grants to States (Perkins IV)	84.048A	28-13-02-65	96,295
Career and Technical Education-Basic Grants to States (Perkins IV)	84.048A	28-14-02-65	96,295
Total Vocational Education			<u>96,295</u>
Math and Science Partnerships	84.366B	28-13-MP-65	68,846
Total Math and Science Partnerships			<u>68,846</u>
Race to the Top	84.395		72,530
Total Race to the Top	84.413A	28-12-RT-65	<u>72,530</u>
Total U.S. Dept. of Education Passed Through LA DOE			<u>11,481,480</u>

CITY OF MONROE SCHOOL BOARD
Monroe, Louisiana

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2014

Federal Grantor/ Pass-Through Grantor/ Program Title	C.F.D.A. Number	Pass Through Grant Number	Expenditures / Issues
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Passed through Louisiana Department of Education			
Temporary Assistance for Needy Families (TANF)			
The Cecil J. Picard LA 4 Early Childhood Program	93.558	28-14-36-65	195,429
Jobs for America's Graduates-LA	93.558	28-14-JS-65	<u>52,500</u>
Total U. S. Department of Health and Human Services Passed Through LA DOE			<u>247,929</u>
U.S. DEPARTMENT OF AGRICULTURE (USDA)			
Passed through Louisiana Department of Education			
CHILD NUTRITION CLUSTER			
School Breakfast Program	10.553	N/A	1,147,157
School Lunch Program	10.555	N/A	2,606,635
School Snack Program	10.555	N/A	49,997
Commodities	10.555	N/A	274,032
Summer Feeding	10.559	N/A	<u>100,011</u>
Total Child Nutrition Cluster			<u>4,177,832</u>
Fresh Fruit and Vegetables Program	10.582	N/A	437,262
Total U.S. Dept. of Agriculture Passed Through LA DOE			<u>4,615,094</u>
TOTAL PASS THROUGH PROGRAMS			<u>16,344,503</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 16,601,588</u>

CITY OF MONROE SCHOOL BOARD
Monroe, Louisiana

Notes to the Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2014

A. General

The preceding Schedule of Expenditures of Federal Awards presents the activity of all Federal financial assistance programs of the City of Monroe School Board (the School Board). The School Board reporting entity is defined in Note 1 to the School Board's general purpose financial statements. All Federal financial assistance received directly from Federal agencies as well as Federal financial assistance passed through other government agencies is included on the schedule.

B. Basis of Accounting

The Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting, which is described in Note 1 to the School Board's financial statements.

C. Relationship to Financial Statements

The following reconciliation is provided to help the reader of the School Board's financial statements and supplementary information relate such information to the Schedule of Expenditures of Federal Awards for the year ended June 30, 2014:

	<u>Title I Funds</u>	<u>Special Education Funds</u>	<u>Other Federal Programs Funds</u>	<u>School Food Service Funds</u>
Total Expenditures per Financial Statements	\$ 5,644,184	\$ 1,879,815	\$ 3,711,857	\$ 4,615,094
Transfer of Indirect Cost	<u>542,996</u>	<u>122,718</u>	<u>-</u>	<u>-</u>
Expenditures per Schedule	<u>\$ 6,187,180</u>	<u>\$ 2,002,533</u>	<u>\$ 3,711,857</u>	<u>\$ 4,615,094</u>

	<u>General Fund</u>	
	<u>Impact Aid</u>	<u>Total</u>
Total Expenditures per Financial Statements	\$ 84,924	\$ 15,932,054
Transfer of Indirect Cost	<u>-</u>	<u>669,534</u>
Expenditures per Schedule	<u>\$ 84,924</u>	<u>\$ 16,601,588</u>

Included in the Child Nutrition Cluster is \$274,032 of non-cash awards in the form of commodities provided by the United States Department of Agriculture.

CITY OF MONROE SCHOOL BOARD
Monroe, Louisiana

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2014

Section 1 – Summary of Auditor’s Results

Financial Statements:

Type of Auditor’s Report Issued: Unmodified

Internal Control Over Financial Reporting:

Material weaknesses identified? Yes No

Significant Deficiencies identified not considered to be material weaknesses?
 Yes None Reported

Noncompliance material to financial statements noted? Yes No

Federal Awards:

Internal Control Over Major Programs:

Material weakness(es) identified? Yes No

Significant Deficiencies identified not considered to be material weaknesses?
 Yes None Reported

Type of auditor’s report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with Circular A-133,
Section .510(a)? Yes No

Dollar threshold used to distinguish between Type A and Type B programs \$498,961

Auditee qualified as low-risk auditee? Yes No

Identification of Major Programs:

<u>CFDA #</u>	<u>PROGRAM TITLE</u>
10.553; 10.555; 10.559	Child Nutrition Cluster
10.582	Fresh Fruits and Vegetables
84.287C	21 st Century Community Learning Cohort

CITY OF MONROE SCHOOL BOARD
Monroe, Louisiana

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2014

Section II – Financial Statement Findings and Questioned Costs:

2014-01 MAINTENANCE OF GENERAL LEDGER ACCOUNTING

Finding:

During the course of our audit of the financial statements of the City of Monroe School Board (the School Board) for the year ended June 30, 2014, we noted several discrepancies with general ledger accounting records with respect to cash, accounts payable, and payroll withholding accruals of which all were materially misstated (approximately) as follows:

Cash – Overstated by \$2,980,000

Accounts Payable – Understated by \$2,110,000

Payroll Withholding Accruals – Understated by \$870,000

In the early part of 2014, the School Board upgraded to a new accounting system which was significantly different from the old system, especially with respect to fields associated with the setting-up of accruals. Additionally, the School Board experienced turnover in key departments during fiscal year 2014. In June 2014 when School Board employees were entering accounts payable and payroll withholding journal entries into the accounting system, the employees overlooked a prompt in the system which allows the user to assign the transactions to the applicable accounting period. As such, the employees' overlooking of this prompt caused the transactions to be assigned to an incorrect accounting period (i.e., 2015 instead of 2014) and posted a material amount of accounts payable and payroll withholding entries as "paid" in June 2014, although these payables and payroll withholdings were not actually paid until subsequent to June 2014. With respect to cash, these payments were still reflected as "paid" during the accounting period of June 30, 2014 on the June 2014 master bank account reconciliation. This resulted in an inaccurate balance of outstanding checks on the bank reconciliation since a significant amount of these payments were not paid until subsequent to June 2014.

These misstatements resulted in material adjusting journal entries and multiple revisions of schedules and workpapers throughout the month of December 2014.

Recommendation:

We understand that the School Board experienced difficulties in its upgrade to the new accounting software during fiscal year 2014. We are also aware of the employee turnover in key personnel the School Board experienced during fiscal 2014. However, the School Board should take the necessary steps to ensure that accounting staff have sufficient knowledge of the accounting system and that accounting staff reconcile accounting records in an accurate and timely manner.

**CITY OF MONROE SCHOOL BOARD
Monroe, Louisiana**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2014**

Management's Corrective Plan:

Management will continue working with the software company to obtain complete knowledge of all aspects of the accounting system. Management will work to implement appropriate and reasonable deadlines to ensure that accounting records are reconciled accurately and in a timely manner.

2014-02 BANK RECONCILIATIONS

Finding:

During our review of cash, we noted that the bank reconciliation for the master bank account for the year ended June 30, 2014, had not been prepared in a timely manner. This bank reconciliation required multiple revisions and was finalized on December 30, 2014. This finding was directly related to the issues mentioned in Finding 2014-01 above.

Recommendation:

While we recognize the difficulties the accounting department encountered due to the circumstances mentioned in Finding 2014-01, the School Board should take the necessary steps to ensure that bank reconciliations for all bank accounts are correct and prepared in a timely manner (i.e., monthly).

Management's Corrective Plan:

Management will work to implement appropriate and reasonable deadlines to ensure that bank reconciliations for all bank accounts are prepared correctly and in a timely manner.

2014-03 MAINTENANCE OF CAPITAL ASSET RECORDS

Finding:

We encountered significant difficulty in obtaining materially correct schedules and supporting documentation for capital assets and related expenditures due primarily to an employee who did not fully understand proper capital asset record keeping. As such, we were not provided with any capital asset schedules and supporting documentation until the middle to latter part of December 2014. The schedules and documentation we initially received were either materially incorrect or inadequate (or both) and required revisions into the middle to latter part of January 2015. In total, current year additions in the schedules we initially received were understated by approximately \$1,400,000 in comparison to the final revised schedules we received.

Recommendation:

We recommend that School Board management work with the employee responsible for maintaining capital asset records and provide this employee with the necessary training regarding

CITY OF MONROE SCHOOL BOARD
Monroe, Louisiana

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2014

proper accounting for capital assets and related expenditures. Additionally, we recommend this employee's capital asset records are reviewed for correctness periodically, at least quarterly.

Management's Corrective Plan:

We will work to ensure that employees responsible for maintaining capital asset records are well informed of the applicable policies and procedures of proper accounting for capital assets and related expenditures. Management will review capital asset records and related expenditures periodically for correctness.

2014-04 TIMELY FILING OF AUDIT REPORT

Finding:

Louisiana Revised Statute 24:513 requires that the School Board prepare and submit its annual audited financial statements to the Louisiana Legislative Auditor within six months of the School Board's fiscal year end or December 31, 2014. Due to the issues mentioned in findings 2014-01, 2014-02, and 2014-03 above, the School Board was not able to submit its audited financial statements to the Louisiana Legislative Auditor within the six month timeframe which resulted in noncompliance with state law.

Recommendation:

We recommend the School Board take the necessary steps to ensure that future audits will be completed and submitted to the Legislative Auditor within the prescribed time period.

Management's Corrective Plan:

We will take the necessary steps to ensure that future audits are completed and submitted to the Legislative Auditor within the prescribed time period.

Section III – Federal Awards Findings and Questioned Costs:

None reported.

CITY OF MONROE SCHOOL BOARD
Monroe, Louisiana

Summary Status of Prior Year Findings

For the Year Ended June 30, 2014

The following is a summary of the status of the prior year management letter comments included in Luffey, Huffman, Ragsdale & Soignier's (APAC) audit report dated December 30, 2013 of the City of Monroe School Board as of and for the year ended June 30, 2013.

Finding - 2013-01 Payroll Function

Management should restrict access and prohibit changes to payroll data without written authorization from the Human Resources department. The "Payroll Change Notice" form should be completed for all changes to employees' payroll information. In addition, the "Agreed to by" section of the form should be revised to indicate approval by the superintendent. A supervisor independent of the payroll function should review the payroll data entered each pay period and initial the review and approval. The Human Resources department should be responsible for verifying the accuracy and propriety of all changes made to payroll data to include changes to pay rates, salary table payroll deductions and adding new employees.

Status

The "Payroll Change Notice" was modified to include the approval of the Superintendent, as recommended. The notice is completed for all changes to employees' payroll information, and proper authorization is obtained from the Human Resource Director and the Superintendent, prior to any changes being made in the payroll software.

The software program used to print payroll checks is only accessible to payroll staff (the Payroll Coordinator and Chief Financial Officer). All passwords for the check writing software program were changed.

Finding - 2013-02 Sales Tax Distribution

No changes in the methodology of distributing sales tax funds should be made without the adoption of procedures and express direction of the School Board.

Status

The Monroe City School Board has not adopted any new procedures for the distribution of the sales tax funds. As recommended, no changes have been made to the methodology of distributing sales tax funds without the adoption of procedures and expressed direction of the School Board.

CITY OF MONROE SCHOOL BOARD
Monroe, Louisiana

Summary Status of Prior Year Findings

For the Year Ended June 30, 2014

Management Letter - Documentation of Internal Control

While certain elements of the components of internal control exist and certain aspects of the control activities have been documented, the School Board does not possess written documentation of all components of internal control over School Board operations.

Status

Throughout the duration of this management item being reported in the City of Monroe School Board's audit report; the school board has experienced several administrative and managerial personnel changes. The District has many existing procedures in place and functioning to provide an effective operating internal control system. The District continues to evaluate the internal control procedures and update existing written documentation for the control activity component as outlined in the Committee of Sponsoring Organizations of the Treadway Commission Report (COSO). *The district will continue to utilize available resources, such as the COSO framework to improve internal control.*

Management Letter - School Activity Account Audits

The School Board should make a concerted effort to audit more schools' activity accounts each year so that every school is audited at least every three years.

Status

The School Board accomplished the goal that it set to conduct a minimum of six audits per year. The School Board will continue to work towards accomplishing this goal in the future, so that each school is audited at least every three years.

OTHER INFORMATION

HUFFMAN & SOIGNIER

(A PROFESSIONAL ACCOUNTING CORPORATION)
CERTIFIED PUBLIC ACCOUNTANTS

Francis I. Huffman, CPA
David Ray Soignier, CPA, MBA, CGMA

John Herman, CPA
Lynn Andries, CPA, CGMA
Esther Atteberry, CPA
Lori Woodard, MBA, CPA, CGMA, CITP
Fernando Cordova, CPA

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES AS OF AND FOR THE YEAR ENDED JUNE 30, 2014

CITY OF MONROE SCHOOL BOARD MONROE, LOUISIANA

We have performed the procedures included in the *Louisiana Governmental Audit Guide* and enumerated below, which were agreed to by the City of Monroe School Board (the School Board) and the Legislative Auditor, State of Louisiana (collectively, the Specified Users), solely to assist users in evaluating management's assertions about the performance and statistical data accompanying the annual financial statements of the City of Monroe School Board and to determine whether the specified schedules are free of obvious errors and omissions as provided by the Board of Elementary and Secondary Education (BESE). This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the Specified Users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and findings relate to the accompanying schedules required by state law and are as follows:

General Fund Instructional and Support Expenditures and Certain Local Revenue Sources (Schedule 1)

1. We selected a random sample of 25 transactions and reviewed supporting documentation to determine if the sampled expenditures/revenues are classified correctly and are reported in the proper amounts for each of the following amounts reported on the schedule:
 - Total General Fund Instructional Expenditures,
 - Total General Fund Equipment Expenditures,
 - Total Local Taxation Revenue,
 - Total Local Earnings on Investment in Real Property,
 - Total State Revenue in Lieu of Taxes,
 - Nonpublic Textbook Revenue, and
 - Nonpublic Transportation Revenue.

City of Monroe School Board
Monroe, Louisiana

Education Levels of Public School Staff (Schedule 2)

2. We reconciled the total number of full-time classroom teachers per the schedule "Experience of Public Principals and Full-time Classroom Teachers" (Schedule 4) to the combined total number of full-time classroom teachers per this schedule and to School Board supporting payroll records as of October 1.
3. We reconciled the combined total of principals and assistant principals per the schedule "Experience of Public Principals and Full-time Classroom Teachers" (Schedule 4) to the combined total of principals and assistant principals per this schedule.
4. We obtained a list of full-time teachers, principals, and assistant principals by classification as of October 1 and as reported on the schedule. We traced a random sample of 25 teachers to the individual's personnel file and determined if the individual's education level was properly classified on the schedule.

Number and Type of Public Schools (Schedule 3)

5. We obtained a list of schools by type as reported on the schedule. We compared the list to the schools and grade levels as reported on the Title 1 Grants to Local Educational Agencies (CFDA 84.010) application and/or the National School Lunch Program (CFDA 10.555) application.

Experience of Public Principals, Assistant Principals and Full-time Classroom Teachers (Schedule 4)

6. We obtained a list of full-time teachers, principals, and assistant principals by classification as of October 1 and as reported on the schedule and traced the same sample used in procedure 4 to the individual's personnel file and determined if the individual's experience was properly classified on the schedule.

Public School Staff Data: Average Salaries (Schedule 5)

7. We obtained a list of all classroom teachers including their base salary, extra compensation, and ROTC or rehired retiree status as well as full-time equivalent as reported on the schedule and traced a random sample of 25 teachers to the individual's personnel file and determined if the individual's salary, extra compensation, and full-time equivalents were properly included on the schedule.
8. We recalculated the average salaries and full-time equivalents reported in the schedule.

City of Monroe School Board
Monroe, Louisiana

Class Size Characteristics (Schedule 6)

9. We obtained a list of classes by school, school type, and class size as reported on the schedule and reconciled school type classifications to Schedule 3 data, as obtained in procedure 5. We then traced a random sample of 10 classes to the October 1 roll books for those classes and determined if the class was properly classified on the schedule.

Louisiana Educational Assessment Program (LEAP) (Schedule 7)

10. We obtained test scores as provided by the testing authority and reconciled scores as reported by the testing authority to scores reported in the schedule by the School Board.

Graduation Exit Examination (Schedule 8)

11. The Graduation Exit Examination (GEE) is no longer administered. This schedule is no longer applicable.

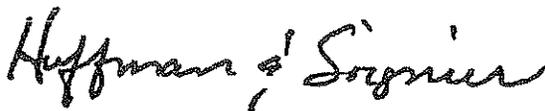
iLeap Tests (Schedule 9)

12. We obtained test scores as provided by the testing authority and reconciled scores as reported by the testing authority to scores reported in the schedule by the School Board.

Our twelve procedures enumerated above did not disclose any exceptions.

We were not engaged to, and did not, perform an examination, the objective of which would be the expression of an opinion on management's assertions. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of the City of Monroe School Board, the Louisiana Department of Education, the Louisiana Legislature and the Legislative Auditor, State of Louisiana and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



(A Professional Accounting Corporation)

January 23, 2015

CITY OF MONROE SCHOOL BOARD
Monroe, Louisiana

Schedules Required by State Law (R.S. 24:514 - Performance and Statistical Data)
As of and for the Year Ended June 30, 2014

Schedule 1 - General Fund Instructional and Support Expenditures and Certain Local Revenue Sources

This schedule includes general fund instructional and equipment expenditures. It also contains local taxation revenue, earnings on investments, revenue in lieu of taxes, and nonpublic textbook and transportation revenue. This data is used either in the Minimum Foundation Program (MFP) formula or is presented annually in the MFP 70% Expenditure Requirement Report.

Schedule 2 - Education Levels of Public School Staff

This schedule includes the certificated and uncertificated number and percentage of full-time classroom teachers and the number and percentage of principals and assistant principal's with less than a Bachelor's; Master's; Master's +30; Specialist in Education; and Ph. D or Ed. D. degrees. This data is currently reported to the Legislature in the Annual Financial and Statistical Report (AFSR).

Schedule 3 - Number and Type of Public Schools

This schedule includes the number of elementary, middle/junior high, secondary and combination schools in operation during the fiscal year. This data is currently reported to the Legislature in the Annual Financial and Statistical Report (AFSR).

Schedule 4 - Experience of Public Principals, Assistant Principals, and Full-time Classroom Teachers

This schedule includes the number of years of experience in teaching for assistant principals, principals, and full-time classroom teachers. This data is currently reported to the Legislature in the Annual Financial and Statistical Report (AFSR).

Schedule 5 - Public School Staff Data: Average Salaries

This schedule includes average classroom teacher's salary using full-time equivalents, including and excluding ROTC and rehired retiree teachers. This data is currently reported to the Legislature in the Annual Financial and Statistical Report (AFSR).

Schedule 6 - Class Size Characteristics

This schedule includes the percent and number of classes with student enrollment in the following ranges: 1-20, 21-26, 27-33, and 34+ students. This data is currently reported to the Legislature in the Annual School Report (ASR).

Schedule 7 - Louisiana Educational Assessment Program (LEAP)

This schedule represents student performance testing data and includes summary scores by district for grades 4 and 8 in each category tested. Scores are reported as Advanced, Proficient, Basic, Approaching Basic, and Unsatisfactory. This schedule includes three years of data.

**CITY OF MONROE SCHOOL BOARD
Monroe, Louisiana**

**Schedules Required by State Law (R.S. 24:514 - Performance and Statistical Data)
As of and for the Year Ended June 30, 2014**

Schedule 8 - Graduation Exit Examination (GEE)

This schedule is no longer applicable.

Schedule 9 –iLEAP Tests

This schedule represents student performance testing data and includes a summary score for grades 3, 5, 6, 7 and 9 for each district. The summary score reported is the National Percentile Rank showing relative position or rank as compared to a large, representative sample of students in the same grade from the entire nation. This schedule includes three years of data.

As of fiscal year 2011, 9th graders are not required to take iLeap. These students must now pass 3 end-of-course tests. The Department of Education will be reviewing end-of-course testing and its potential inclusion for assurance purposes in time for fiscal year 2013 assurance submissions.

CITY OF MONROE CITY SCHOOL BOARD
Monroe, Louisiana

General Fund Instructional and Support Expenditures
and Certain Local Revenue Sources
For the Year Ended June 30, 2014

General Fund Instructional and Equipment Expenditures**General Fund Instructional Expenditures:****Teacher and Student Interaction Activities:**

Classroom Teacher Salaries	\$ 19,478,333	
Other Instructional Staff Activities	2,530,724	
Instructional Staff Employee Benefits	11,557,328	
Purchased Professional and Technical Services	77,883	
Instructional Materials and Supplies	224,366	
Instructional Equipment	26,018	
Total Teacher and Student Interaction Activities		\$ 33,894,652
Other Instructional Activities		143,701
Pupil Support Activities	3,254,122	
Less: Equipment for Pupil Support Activities	-	
Net Pupil Support Activities		3,254,122
Instructional Staff Services	2,031,557	
Less: Equipment for Instructional Staff Services	-	
Net Instructional Staff Services		2,031,557
School Administration	3,426,959	
Less: Equipment for School Administration	2,979	
Net School Administration		3,423,980
Total General Fund Instructional Expenditures		<u>\$ 42,748,012</u>

Total General Fund Equipment Expenditures\$ 2,159,005**Certain Local Revenue Sources****Local Taxation Revenue:**

Ad Valorem Taxes		
Constitutional Ad Valorem Taxes	\$ 2,499,392	
Renewable Ad Valorem Tax	7,261,722	
Debt Service Ad Valorem Tax	4,819,794	
Up to 1% of Collections by the Sheriff on taxes other than School Taxes	358,636	
Result of Court Ordered Settlement (Ad Valorem)	-	
Penalties/Interest on Ad Valorem Taxes	-	
Taxes Collected Due to Tax Incremental Financing (TIF) (Ad Valorem)	-	
Sales Taxes		
Sales and Use Taxes - Gross		27,511,476
Sales/Use Taxes - Court Settlement		-
Penalties/Interest on Sales/Use Taxes		-
Sales/Use Taxes Collected Due to TIF		-
Total Local Taxation Revenue		<u>\$ 42,451,020</u>

Local Earnings on Investment in Real Property:

Earnings from 16th Section Property	\$ -	
Earnings from Other Real Property	-	
Total Local Earnings on Investment in Real Property		<u>\$ -</u>

State Revenue in Lieu of Taxes:

Revenue Sharing-Constitutional Tax	\$ 288,869	
Revenue Sharing-Other Taxes	-	
Revenue Sharing-Excess Portion	-	
Other Revenue in Lieu of Taxes	-	
Total State Revenue in Lieu of Taxes		<u>\$ 288,869</u>

Nonpublic Transportation Revenue \$ -Nonpublic Textbook Revenue \$ 22,218

CITY OF MONROE CITY SCHOOL BOARD
Education Levels of Public School Staff
As of October 1, 2013

Category	Full-time Classroom Teachers				Principals & Assistant Principals			
	Certificated		Uncertificated		Certificated		Uncertificated	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Less than a Bachelor's Degree	1	0.2%	3	0.5%	-	-	-	-
Bachelor's Degree	286	47.1%	14	2.3%	-	-	-	-
Master's Degree	182	29.9%	1	0.2%	4	0.7%	-	-
Master's Degree +30	88	14.5%	-	-	20	3.3%	-	-
Specialist in Education	2	0.3%	-	-	0	0.0%	-	-
Ph.D. or Ed.D.	6	1.0%	-	-	1	0.2%	-	-
Total	565	93%	18	3%	25	4%	-	-

CITY OF MONROE SCHOOL BOARD
Number and Type of Public Schools
For the Year Ended June 30, 2014

<u>Type</u>	<u>Number</u>
Elementary	12
Middle/ Junior High	4
Secondary	3
Combination	1
	<hr/>
Total	20
	<hr/> <hr/>

CITY OF MONROE CITY SCHOOL BOARD
Experience of Public Principals and Full-time
Classroom Teachers
As of October 1, 2013

	0-1 Yr.	2-3 Yrs.	4-10 Yrs.	11-14 Yrs.	15-19 Yrs.	20-24 Yrs.	25+ Yrs.	Total
Assistant Principals	-	-	-	-	2	1	4	7
Principals	-	-	-	1	6	4	7	18
Classroom Teachers	42	38	157	76	78	72	120	583
Total	42	38	157	77	86	77	131	608

CITY OF MONROE CITY SCHOOL BOARD
Experience of Public Principals and Full-time Classroom Teachers
As of June 30, 2014

	All Classroom Teachers	Classroom Teachers Excluding ROTC and Rehired Retirees
Average Classroom Teachers' Salary Including Extra Compensation	\$54,580	\$54,176
Average Classroom Teachers' Salary Excluding Extra Compensation	\$54,405	\$54,015
Number of Teacher full-time Equivalents (FTEs) used in Computation of Average Salaries	581	566

Note: Figures reported include all sources of funding (i.e., federal, state, and local) but exclude stipends and employee benefits. Generally, retired teachers rehired to teach receive less compensation than non-re teachers; some teachers may have been flagged as receiving reduced salaries (e.g., extended medical leave and ROTC teachers receive more compensation because of a federal supplement. For these reasons, these teachers are excluded from the computation in the last column. This schedule excludes day-to-day substitutes, temporary employees, and any teachers on sabbatical leave during any part of the school year.

CITY OF MONROE SCHOOL BOARD
Class Size Characteristics
As of October 1, 2013

School Type	Class Size Range							
	1 - 20		21-26		27 - 33		34+	
	Percent	Number	Percent	Number	Percent	Number	Percent	Number
Elementary	53%	956	41%	741	5%	86	1%	10
Elementary Activity Classes	53%	112	42%	89	5%	10	0%	1
Middle/Jr. High	77%	428	17%	95	5%	30	1%	3
Middle/Jr. High Activity Classes	96%	149	3%	5	0%	0	1%	1
High	69%	672	23%	228	8%	75	0%	2
High Activity Classes	77%	99	13%	17	7%	9	3%	4
Combination	100%	84	0%	0	0%	0	0%	0
Combination Activity Classes	100%	6	0%	0	0%	0	0%	0

Note: The Board of Elementary and secondary education has set specific limits on the maximum size of classes at various grade levels. The maximum enrollment in grades K-3 is 26 students and the maximum enrollment in grades 4-12 is 33 students. These limits do not apply to activity classes such as physical education classes, band and other classes without maximum enrollment standards. Therefore, these classes are included only as separate line items.

City of Monroe School Board
Louisiana Educational Assessment Program (LEAP)
For the Three Years Ended June 30, 2014

District Achievement Level Results	English Language Arts			Mathematics		
	2014	2013	2012	2014	2013	2012
Grade 4 Students	Percent	Percent	Percent	Percent	Percent	Percent
Advanced	3	7	6	11	6	14
Mastery	25	27	22	23	21	19
Basic	52	45	52	39	42	44
Approaching Basic	13	14	15	15	16	14
Unsatisfactory	8	7	6	11	16	8
Total Students	648	643	627	648	643	627

District Achievement Level Results	Science			Social Studies		
	2014	2013	2012	2014	2013	2012
Grade 4 Students	Percent	Percent	Percent	Percent	Percent	Percent
Advanced	2	3	7	3	3	5
Mastery	14	18	22	10	15	18
Basic	53	46	47	55	51	54
Approaching Basic	26	24	19	20	19	16
Unsatisfactory	5	9	4	11	11	7
Total Students	651	643	628	651	643	628

District Achievement Level Results	English Language Arts			Mathematics		
	2014	2013	2012	2014	2013	2012
Grade 8 Students	Percent	Percent	Percent	Percent	Percent	Percent
Advanced	2	2	2	3	2	2
Mastery	13	11	14	5	3	3
Basic	38	39	37	40	40	47
Approaching Basic	39	34	37	27	31	30
Unsatisfactory	9	14	10	25	24	17
Total Students	526	535	527	526	535	527

District Achievement Level Results	Science			Social Studies		
	2014	2013	2012	2014	2013	2012
Grade 8 Students	Percent	Percent	Percent	Percent	Percent	Percent
Advanced	2	1	2	1	1	1
Mastery	16	11	16	17	9	14
Basic	35	36	32	45	41	46
Approaching Basic	33	35	36	25	28	25
Unsatisfactory	15	18	14	13	21	14
Total Students	523	537	522	523	538	522

CITY OF MONROE SCHOOL BOARD
Monroe, Louisiana

Graduation Exit Examination (GEE)
For the Year Ended June 30, 2014

The Graduation Exit Examination (GEE) is no longer administered. This schedule is no longer applicable.

City of Monroe School Board
iLEAP
For the Three
Years Ended June 30, 2014

District Achievement Level Results	English Language Arts			Mathematics		
	2014	2013	2012	2014	2013	2012
Grade 3 Students	Percent	Percent	Percent	Percent	Percent	Percent
Advanced	3	3	7	6	5	9
Mastery	17	17	25	12	20	20
Basic	39	49	43	43	45	46
Approaching Basic	23	20	18	21	19	16
Unsatisfactory	18	11	7	17	11	10
Total Students	694	692	681	694	692	682

District Achievement Level Results	Science			Social Studies		
	2014	2013	2012	2014	2013	2012
Grade 3 Students	Percent	Percent	Percent	Percent	Percent	Percent
Advanced	2	5	7	<1	3	2
Mastery	12	20	24	9	15	28
Basic	44	45	43	43	46	41
Approaching Basic	24	22	20	26	20	19
Unsatisfactory	18	8	6	21	16	11
Total Students	694	692	681	693	692	681

District Achievement Level Results	English Language Arts			Mathematics		
	2014	2013	2012	2014	2013	2012
Grade 5 Students	Percent	Percent	Percent	Percent	Percent	Percent
Advanced	2	3	4	2	4	8
Mastery	20	20	18	9	15	13
Basic	39	50	47	51	54	51
Approaching Basic	22	17	20	16	17	14
Unsatisfactory	17	9	11	21	10	14
Total Students	566	549	590	566	549	590

District Achievement Level Results	Science			Social Studies		
	2014	2013	2012	2014	2013	2012
Grade 5 Students	Percent	Percent	Percent	Percent	Percent	Percent
Advanced	2	2	4	2	3	4
Mastery	12	15	18	9	9	17
Basic	44	49	45	43	50	45
Approaching Basic	28	27	25	31	22	22
Unsatisfactory	15	7	8	14	16	13
Total Students	566	549	590	566	548	590

City of Monroe School Board
iLEAP
For the Three
Years Ended June 30, 2014

District Achievement Level Results	English Language Arts			Mathematics		
	2014	2013	2012	2014	2013	2012
Grade 6 Students	Percent	Percent	Percent	Percent	Percent	Percent
Advanced	3	2	4	5	3	8
Mastery	13	12	17	7	9	10
Basic	49	52	47	50	50	48
Approaching Basic	22	23	23	22	18	17
Unsatisfactory	12	11	8	16	19	17
Total Students	526	548	549	526	548	549

District Achievement Level Results	Science			Social Studies		
	2014	2013	2012	2014	2013	2012
Grade 6 Students	Percent	Percent	Percent	Percent	Percent	Percent
Advanced	2	3	3	6	6	9
Mastery	10	17	15	8	10	10
Basic	42	43	45	39	40	39
Approaching Basic	37	27	27	32	25	26
Unsatisfactory	9	10	10	16	18	15
Total Students	526	547	548	525	547	548

District Achievement Level Results	English Language Arts			Mathematics		
	2014	2013	2012	2014	2013	2012
Grade 7 Students	Percent	Percent	Percent	Percent	Percent	Percent
Advanced	3	6	4	3	3	3
Mastery	10	14	13	9	12	10
Basic	43	41	44	52	48	46
Approaching Basic	30	32	28	19	21	26
Unsatisfactory	13	9	12	17	16	14
Total Students	535	562	528	535	562	527

District Achievement Level Results	Science			Social Studies		
	2014	2013	2012	2014	2013	2012
Grade 7 Students	Percent	Percent	Percent	Percent	Percent	Percent
Advanced	3	2	2	4	1	3
Mastery	17	14	13	12	15	10
Basic	39	34	38	48	43	38
Approaching Basic	29	33	35	23	22	31
Unsatisfactory	12	17	12	13	18	18
Total Students	534	531	527	533	559	527

HUFFMAN & SOIGNIER

(A PROFESSIONAL ACCOUNTING CORPORATION)
CERTIFIED PUBLIC ACCOUNTANTS

Francis I. Huffman, CPA
David Ray Soignier, CPA, MBA, CGMA

John Herman, CPA
Lynn Andries, CPA, CGMA
Esther Atteberry, CPA
Lori Woodard, MBA, CPA, CGMA, CITP
Fernando Cordova, CPA

MANAGEMENT LETTER

City of Monroe School Board Monroe, Louisiana

In planning and performing our audit of the financial statements of the City of Monroe School Board (the School Board) for the year ended June 30, 2014, we considered its internal control structure in order to determine our auditing procedures for purposes of expressing our opinion on the financial statements and not to provide assurance on the internal control structure or overall compliance with laws and regulations.

However, during our audit, we became aware of certain matters that are opportunities for strengthening internal controls and the overall environment for compliance with laws and regulations. This letter will summarize our comments and suggestions regarding those matters. This letter does not affect our report dated January 23, 2015 on the financial statements of the School Board.

Documentation of Internal Control

Management of the School Board is charged with establishing and maintaining internal control and to assess internal control for effectiveness in design and operation. Those components are outlined in the Committee of Sponsoring Organizations of the Treadway Commission Report (commonly referred to as the COSO Report, or COSO) and consist of the Control Environment; Risk Assessment; Control Activities; Information and Communication; and Monitoring. While certain elements of the components of internal control exist and certain aspects of the control activities have been documented, the School Board does not possess written documentation of all components of internal control over School Board operations.

For management and those charged with governance to properly discharge their responsibility to establish and maintain internal control, there must exist a level of documentation of internal control sufficient to allow them to assess operating effectiveness and design, not just at a point in time, but over a period of time. As circumstances change, controls should be re-evaluated for ongoing effectiveness.

Management's Response:

Throughout the duration of this management item being reported in the City of Monroe School Board's audit report; the school board has experienced several administrative and managerial personnel changes. The District has many existing procedures in place and functioning to provide an effective operating internal control system. The District continues to evaluate the

City of Monroe School Board
Monroe, Louisiana
Management Letter
Page 2 of 2

internal control procedures and update existing written documentation for the control activity component as outlined in the Committee of Sponsoring Organizations of the Treadway Commission Report (COSO). The district will continue to utilize available resources, such as the COSO framework to improve internal control.

A handwritten signature in cursive script that reads "Huffman & Soigner". The signature is written in black ink and is positioned above the company name.

(A Professional Accounting Corporation)

January 23, 2015